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# Improving Customer Value Proposition for Operative Market Analysis Department

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## **PREFACE**

In autumn 2014, while examining the opportunities for the subject of the thesis, I was pleased to notice the numerous opportunities in the case company. For the professional challenge, I wished and was considered with a subject which gave the personal growth opportunities to learn new aspects of the case company, as well as, consider customer approach to view the topic beyond my current work responsibilities.

The subject of the thesis was demanding but turned out to be a great journey. As a whole, I greatly enjoyed the aspiration and willingness for contribution by my company instructor, nearest colleagues and all the new people I came across during the numerous discussions. I was truly impressed on their ideas for the improvements, deep knowledge, drive for change and helpful spirit to gain the new learning.

Throughout the studies, I also admired the way of creating the positive atmosphere in the Industrial Management program among the lecturers and students to enable a good learning experience. Thus, I would like to express thankfulness to my instructor, Dr Thomas Rohweder, for his crystallizations to the thesis work and the great overall discussions. I also wish to show my gratitude to Dr Marjatta Huhta and Zinaida Grabovskaia for their deep commitment and helpfulness in all the challenges faced during the studies.

Finally, without the excessive support, flexibility and patience from my wife, Anne, to make the whole opportunity possible, I would not have any means to accomplish the journey. For my children, Tinja and Aleks, I wish to thank you for helping daddy with your infinite love, numerous hugs and endless forbearance.

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## ABSTRACT

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<p>This thesis concentrates on improving the customer value proposition for Operative Market Analysis department in the case company. The department is uncertain which of its multiple analysis services from its current service offering provide the best value for making trading decisions.</p> <p>The selected research approach is the action research due to iterative and qualitative nature of the study. The five-step research design combines the results from the case company analysis with the findings from the best practice in customer value, service experience and banking industry for creation of the improved customer value proposition.</p> <p>The outcome of the study is the proposal for the customer value proposition based on the analysis of the internal customers' experience of the current offering. The analysis identifies services valuable for the customers and gathers suggestions for the service experience improvement. The study emphasizes the importance of continuous and trustful interaction with the customer in the advice giving service as essential for the service success.</p> <p>The case company may benefit from the results of the study by building better understanding of customer preferences, focusing on the most valuable services in the current service offering, and by utilizing an action plan how to develop its services into more customer-oriented approach.</p>	
Key words	Service value, customer value proposition, market analysis, banking

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<p>Tämän opinäytetyön tavoitteena on parantaa kohdeyrityksen operatiivisen markkina-analyysiosaston asiakasarvolupauستا. Analyysiosastolle on epäselvää, mitkä nykyisin tarjottavista lukuisista analyysipalveluista tuottavat parhaan arvon asiakkaille sähköpörssikaupan päätöksenteon tueksi.</p> <p>Opinnäytetyön kertautuvan ja laadullisen luonteen takia tutkimuksen lähestymistavaksi on valittu toimintatutkimus. Viisivaiheinen tutkimusmalli parannetun asiakasarvolupauksen luomiseksi yhdistää kohdeyritykseen tehdyn analyysin löydökset asiakasarvon, palvelukokemuksen ja pankkisektorin parhaisiin käytäntöihin.</p> <p>Työn lopputuloksena on ehdotus asiakasarvolupauksesta, joka perustuu sisäisten asiakkaiden kokemuksiin nykyisestä palvelutarjoamasta. Analyysi tunnistaa asiakkaille arvokkaat palvelut ja ehdotuksia palvelukokemuksen parantamiseksi. Työ painottaa neuvonantopalvelulle keskeisen jatkuvan ja luotettavan kanssakäymisen tärkeyttä palvelun onnistumiselle. Kohdeyritys voi hyötyä työn tuloksista paremmalla ymmärryksellä asiakkaiden palvelumieltymyksistä, keskittymällä tarjoaman arvokkaimpiin palveluihin ja ehdotuksista palveluiden kehittämiseksi entistä asiakaslähtöisempään suuntaan.</p>	
Avainsanat	Asiakasarvolupaus, palvelukokemus, markkina-analyysi

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## 1 Introduction

This study focuses on developing a customer value proposition for Operative Market Analysis department of the case company. The case company is acting in the utility sector for energy production, sales and distribution in the Nordic, Russian and European countries.

### 1.1 Business Context and Company Background

The case company is a Finnish-based corporation that has divisions for power and heat production as well as retail power sales. The main operations of the company concentrate on the production and wholesale of power and heat. Additionally, the company serves and sells energy to over one and half million retail customers in the Nordic countries. The case company also owns, operates and develops the regional power distribution networks.

Energy production is by nature a weather related industry, from both the production and consumption perspectives. Especially the renewables related production methods rely heavily on the weather conditions. Since electricity is usually not possible to produce in advance and store for later use, consumption patterns follow temperature conditions. Additionally, since production facilities and distribution networks are connected to each other not only inside countries but also between countries, any unexpected interruptions in production and restrictions in network capacity add additional even more complexity to decision making. All these factors force the energy producers continuously update both the planning of production and forecasting of consumption. In the case company, these needs are supported by the Market Analysis department.

Market Analysis department collects the data on energy market prices, production, consumption and other related market information from various sources, creates analyses, and based on them, forecasts and provides value-added insights, market outlooks and suggestions to decision makers in the company. Market Analysis also supports trading operations related to physical and financial power trading. Another customer group for Market Analysis department is made by the company top management, strategic corporate functions as well as the company divisions' management teams.

Physical trading means, when concentrating on the wholesale energy spot market, that market participants send their bids and offers to a market pool which then forms supply-demand curves, and the intersection of those is locked for a day-ahead market price (Fresis & Infield 2008: 219). In the case company, Physical Trading unit focuses on offering the available company's production capacity to the wholesale electricity spot market, as well as acting in the power balancing market and delivering sold energy to the power network.

In addition, Financial Trading unit hedges production assets against price volatility by using such financial instruments as forwards and futures, and simultaneously creates additional value for the company. Buying and selling financial contracts are traditional hedging instruments, which fix the price of demand and generation of electricity for a certain period of time in the future (Fresis & Infield 2008: 220). In financial trading, power is applied as main commodity but supported by other related commodities, such as carbon emissions (CO<sub>2</sub>), coal, oil and environmental certificates.

In all these functions, part of Market Analysis department is the Operative Market Analysis (OPMA) team which concentrates on supporting the Financial and Physical Trading business units in operative time horizon. This time horizon can last from the current day to three to six years ahead. This study focuses on improving the CVP proposal for OPMA.

## 1.2 Current Market Offering

OPMA provides several services and products including forecasts, analysis, market outlooks, meeting sessions, direct analysis contacts and information services. The current service offering of OPMA is presented in Table 1 below.

Table 1. Current Service offering of Market Analysis department.

Services Category	Description
Meetings	Standard structured analyst presentations to customers. Occurrences on daily, weekly and monthly intervals. Each meeting usually different subject but also adhoc meetings. Presentations of predefined forecasts and analysis recommendations.
Analyst Contacts	Analyst-Trader discussions: sparring of market view, informing about some special market conditions or underlying fundamentals and giving recommendations.

Services Category	Description
Forecasts	Model based forecast simulations of future market prices and volumes development with certain confidence levels. Adjusted by analysts and result as analyst recommendation presentation.
Analyses	Analysis of market situation, specific case analysis of certain market development or recommendation for certain trading opportunity
Market Outlooks	General overview report of market landscape, including several market areas or regions, asset classes, commodities and companies.
Information Services	Market data services: internal or external data. Historical realization or forecast data as well as real-time data feeds from market sources.

As Table 1 shows, the current OPMA service offering consists of, first, the meeting sessions which presents the results of analysts in live meetings and demonstrate analysis of the latest market situation, updated forecasts and reasoning for these forecasts.

The second category of services includes forecasts of price and volume, usually on the hourly level, for the prices in the Nordic power market area. The most fundamental among those forecasts are price forecasts for different time horizons. The forecast time horizons of these forecasts range from those inside a day (Intra-day), a day ahead (Spot) and half of dozen weeks ahead and mid-term forecast up to three years ahead.

The third part of the current service offering includes direct analysis contacts with traders to discuss face-to-face of some specific market situations, in order to get support for trading decisions or provide the analyst's objective recommendations and their market views.

As for the fourth service offering, the department also offers results of analyses which can be defined as scenario views for the hydrological situation, different market area views, and adhoc views upon request, including distribution of external material with analyst comments. In addition, the current service offering also contains Market Outlooks as more comprehensively analyzed and consolidated view of business environment, competition and forecasts collected for particular reports.

Finally, the department currently offers information services on in-house or commercial market data, reports and external analyst contacts provided to users. *In-house* data includes previous forecasts, internally collected production realization data and internal

statistical data. *Commercial* data comprises all kinds of forecasts and realization data from the market environment offered by external data providers either as real-time data feed or historical data loads. The department also enables access to the internal and external sources of market data for business users.

These services are consumed by the traders who are acting in both the power spot and the commodity markets to buy and sell power in different profitable time horizons, hedge against market volatility and create value from the market changes. Another, internal, customer group of the current service offering is the case company top management. Analysis services are used also by the internal corporate departments such as Strategy, Interest Promotion and Mergers & Acquisitions. Finally, the current OPMA service offering is also utilized by different other business divisions and their investment projects.

### 1.3 Business Problem, Research Objective, Outcome and Scope

Business problem of this study concerns the delivery and quality of OPMA service offering. Presently, it seems unclear which analysis services provide the best information value for individual trading decisions. Thus, OPMA cannot concentrate its analyst efforts on producing the most value providing services and create a focused CVP. As a result, multiple information dimensions affect the quality and outcome of analysis and forecasting. On the other hand, several operative analysis services and their combinations can provide the required information to support a considerable part of trading and other business decisions. Thus, it becomes essential to understand better what analyses are mostly used, how used and for what purpose they are used by the internal customers. Currently, the demand for different analyses from the customers exceeds the possibilities of OPMA to meet all the needs. Analysts are not capable to expand the current offering to each individual customer and therefore not serving all existing needs.

The objective of this study is therefore to build a proposal for the *improved customer value proposition (CVP)* for OPMA. The final outcomes of the study will include:

- 1) Improved service offering for OPMA
- 2) Recommendations for service experience improvement.

Taken together, these two outcomes of the study form the improved customer value proposition for OPMA.

The improved customer value proposition is significant for OPMA since it would enable the improved service offering and better alignment of the service offering by OPMA with the demand from the customers. Additionally, the recommendations for service experience improvement would facilitate OPMA's detailed action planning, implementation and continuous improvement of the customer experience. This study and its outcomes can help indicate where to concentrate the efforts of the analysis resources and how to produce the most valued services. It can also help to identify the most effective channels to deliver the analysis in each case and recognize what factors represent the current challenges in OPMA's analysis services.

The scope of this study is limited to the following areas. First, the study addresses the issues in operative analysis only within the OPMA team scope, leaving out other teams in the Market Analysis department. Second, this study only slightly touched the topic of customer segmentation. Since this study concentrates on building the customer value proposition for the company internal service provider, OPMA, it aims to develop the CVP for the pre-defined internal target customer groups. These groups include physical and financial traders, business line management, corporate strategy and communication – all those customers who are currently served by OPMA. Therefore, the task of customer segmenting is not addressed in full scale in this study. Instead segmentation is taken as an input to the study and defined in a lighter way, as user profiles based on the existing data and briefly commented on. Third, the customer value proposition is finalized for one segment only, *CS-1 "Operative"*, taken as an example for which the CVP building process developed in this study is applied. Value propositions for other segments lie outside the scope for this study.

The main approach for investigating the subject in this study comprises the following steps. First, building a conceptual model of how to create the customer service offering, second, applying that model to the current state analysis of OPMA service offering, and third, documenting the improved customer offering and proposing recommendations for improvements. To achieve its objective, the study analyzes which of the current services provide the best information value for individual trading decisions and point to improvement possibilities in the service delivery and quality.

This thesis is written in 7 sections. The section 1 introduces the business context and it defines the business problem. Section 2 overviews the research approach and methods and material used. Section 3 discusses the best practices of building customer value

proposition and ends by introducing the conceptual framework used in this research. Section 4 describes the steps and results of the current state analysis aligned to conceptual framework. Section 5 presents the building of improved customer value proposition. Section 6 discusses the feedback to improved customer value proposition proposal, present final version and gives recommendations for implementation. Last section concludes the research and summarizes its results.

## 2 Methods and Material

This section overviews the research approach and each step in it. This section also describes the data collection sources and their characteristics. Last, this section clarifies the methods used for data analysis.

### 2.1 Research Approach, Design and Process in This Study

General approach used in this study is action research. Action research is a deliberate, cyclical process of planning, taking action and evaluating. The *planning* stage concentrates on diagnosing the problem, including for example, the articulation of the working theme, key issues, and theoretical foundations. In action research, all these elements may be subject to a change after later iterations. The planning also involves development of an action plan. The action plan is made up of all the steps in the action research cycle, and the next step in the cycle is to *take action*. Last, once the actions are taken, they are *evaluated* by assessing if the actions were correct based on the diagnosis and what inputs are available for the next cycle of diagnosis, planning and taking action (Coghlan & Brannick 2006: 15). The same logic and steps are applied in this study as there are several rounds of research when results from the previous steps are evaluated and discussed with the key stakeholders, and then fed in at the next step of action research cycle as further input. Based on the feedback received, the proposed solutions are evaluated and improved.

Additionally, action research is remarkable as a research approach since action researchers hold a dual role of being the investigators and members in the organization and research. Action research is “the concern of practitioners who want to improve organizations and communities.” (Coghlan & Brannick 2006: 15). Researcher in this context is part of the organization, and research has an aim of organizational improvement making the initiative to start happening.

The research process in this study is divided into several phases. It includes, first, diagnosing of the existing situation based on the theoretical building blocks; this phase is followed by action planning based on the findings from the previous stage; the, action taking occurs in terms of proposing solution and improvements to the company; and the

final phase is reflecting and evaluating with the management on the agreed solutions. These main phases, their key tasks and final outcome are illustrated in Figure 1 below.

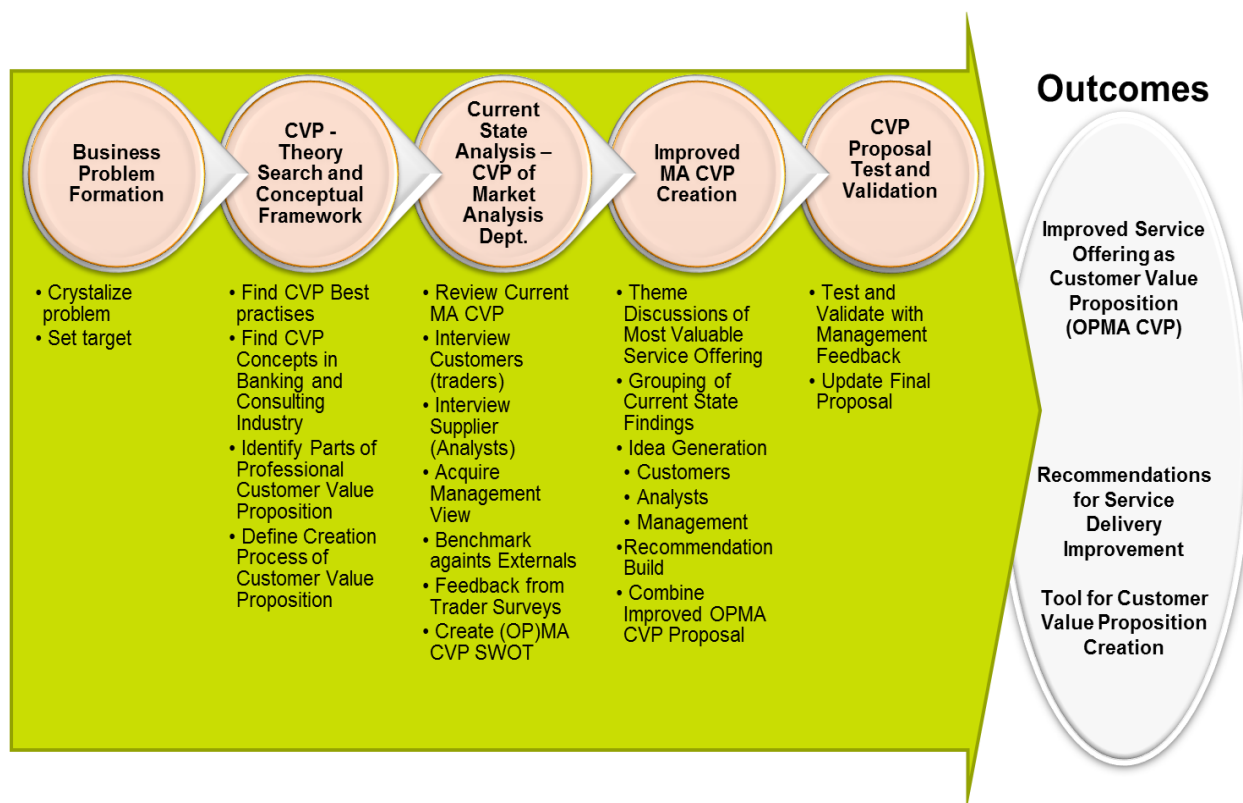


Figure 1. Research design of the study.

As seen from Figure 1, the main phases of the study include, first, the formation of business problem; second, building the conceptual framework for CVP based on best practice; third, the current state analysis of the existing CVP of the Market Analysis Department; fourth, building the improved CVP for OPMA; and last, CVP testing and validation. The final outcomes of the study are the proposal for the new Customer Value Proposition for Operative Market Analysis, suggestions for service delivery improvement of OPMA and tool for creating customer value proposition.

#### Stage 1, Business Problem Formation

The main task in the business problem clarification phase is to analyze the underlying business challenge in detail which becomes the topic for this research and scope it to a reachable work task. Scoping includes the step of identifying initial data collection scope and sources of data. This stage also contains discussions with business owners on their motivations to address this business problem (why is this important, what are the main expectations and ambition level for this research).



## Stage 2, CVP - Theory Search and Conceptual Framework

Theoretical data search is utilized to support the research in the next phase where the conceptual framework is constructed. First, search is to find theoretical different definitions for CVP and models to craft it. This involves extensive academic literature search, both for business guide books and academic publications. Second, the search is focused on to find general best practices for CVP construction in different business-to-business (B-to-B) and business-to-customer (B-to-C) publications and case studies. Last, the theoretical search is concentrated specifically on the consulting, finance sector and banking industry, including investment banks and financial institutions, to find out what, if any, there are insights to customer value proposition concepts and their creation.

## Stage 3, Current State Analysis – CVP of Market Analysis Department

After the relevant theoretical background has been gathered, the research concentrates on collecting data on the current situation from different perspectives. Those are mainly the customer and supplier perspectives but they also include data from management, external environment and other minor sources. External environment provides benchmark from other suppliers' offerings. Data collection conducted to find both strengths and weaknesses of the current CVP. The outcome of this phase is a summary and analysis of the strengths and weaknesses in the OPMA current CVP and offering.

## Stage 4, Improved OPMA CVP Creation

This part of research concentrates on building the improved Customer Value Proposition for Operative Market Analysis. Main tasks here are to arrange theme discussions, generate ideas and build a CVP. Theme discussions concentrate on the results of the current state analysis and generating potential ideas for the improved CVP and offering. Target groups for discussions are customers (traders, portfolio managers, top management) and suppliers (both analysts and their management).

## Stage 5, CVP Proposal Test and Validation

Building a CVP includes merging the most relevant ideas into a proposal, iteratively testing and validating the proposal with management until a favorable final solution is

reached. This phase finalizes the whole thesis outcomes which are the proposal for improved customer value proposition for Operative Market Analysis and suggestions for work practices changes.

## 2.2 Data Collection and Data Analysis Techniques

Strategy in this research is to produce a qualitative research analysis based on the insight from a small group of key stakeholders who are interviewed, which does not make quantitative approach feasible. There are multiple sources of data utilized in this study. The Figure 2 below illustrates the selected sources of data for this research.

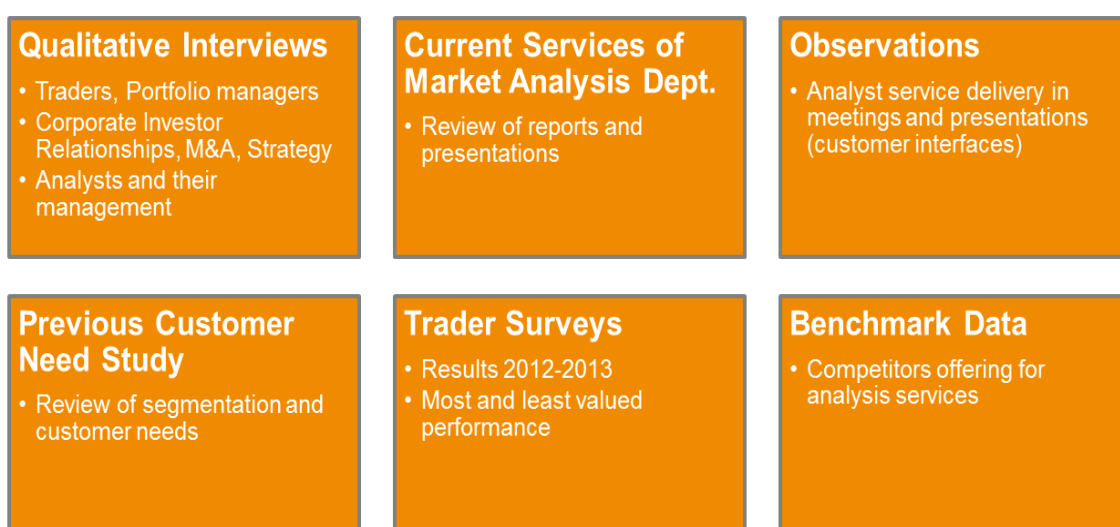


Figure 2. Data sources in the study.

As seen from Figure 2, the data sources in this study include qualitative interviews, current service offering of OPMA, observations, previous customer need study, trader surveys as customer surveys and benchmark data of competitor offering.

### *Interviews*

The primary data collected for this research is the *qualitative interviews*, which is gathered from the interviews with two main parties, the customer and the supplier. The customers are traders, portfolio managers, corporate managers and other internal users of the market analysis services. The supplier is the team members and their management in market analysis department providing the market analysis services.

In qualitative analysis, *in-depth interviews* enable the researcher to interact directly with people and help to collect more insights from the examples which can help to understand problems and performance more holistically. Further on, *observations* can help to understand in practice and holistically, the underlying phenomenon which may come up in in-depth interviews with individuals (Russ-Eft & Preskill 2001: 200). This is the reason why the interview data needs to be supported and completed by *observations*. To collect observations, researcher follows the analysts work when interacting with customers. Observations are used to witness if the phenomena discussed in the interviews truly happen, what is the context for them and if observation can provide more in-depth explanations.

*Qualitative interviews* in this study comprise the interviews with the following groups. *Customer interviews* are used to collect the data about the customer key business problems and how analysis is applied to help solve their problems. Additionally, the customers are asked about the strengths and weaknesses of the current service offering and delivery. Finally, possible best practice suggestions how OPMA can serve them better or improve service quality are collected from the customers in the interviews.

*Analyst interviews* collect the data of the key resources and activities needed to deliver the analysis services. The analysts are also asked to identify the strengths and weaknesses of the key resources and activities in Market Analysis department. These data are complemented with analysts' observations of the customer usage behavior related to the analysis services in their own usage setting. The data also included service experience comments. These two data help to recognize the problems to serve and to detect unaddressed customer needs. Finally, the analysts are asked to share their insights how to provide better analysis services to customers.

*Management interviews* from the Market Analysis department collect information on the strategy and plans for providing services. This information is used to understand business vision of the department, the priorities in serving its customers and possible boundaries in business environment when providing services. In these interviews, management is asked to give their view on the key activities and resources in providing the services, as well as the weaknesses and strengths in those.

All three groups of interviews - the customer, supplier and management interviews - were based on open-ended questions. The selected list of the traders as customers, analysts

as suppliers and management as business owners who were interviewed for the study are listed in Table 2 below.

Table 2. Participants to the interviews for the current state analysis.

Interviewee	Date	Duration (Hours)	Business Area	Role	Documented as
Customer-1	4.3.2014	1	Corporate	Manager	Field notes + recording
Customer-2	26.2.2014	0,5	Corporate	Manager	Field notes + recording
Customer-7	10.3.2014	0,5	Corporate	Manager	Field notes + recording
Customer-9	5.2.2014	1	Other	Portfolio manager	Field notes + recording
Customer-10	3.3.2014	1	Other	Manager	Field notes + recording
Customer-11	3.3.2014	1	Other	Manager	Field notes + recording
Customer-12	4.3.2014	0,5	Other	Trader	Field notes + recording
Customer-15	13.2.2014	1,5	Trading	Portfolio manager	Field notes + recording
Customer-17	26.2.2014	1	Trading	Trader	Field notes + recording
Customer-20	26.2.2014	1	Trading	Trader	Field notes + recording
Customer-21	13.2.2014	1,5	Trading	Portfolio manager	Field notes + recording
Customer-22	3.3.2014	1	Trading	Portfolio manager	Field notes + recording
Customer-23	25.2.2014	1	Trading	Portfolio manager	Field notes + recording
Customer-24	4.3.2014	1	Trading	Trader	Field notes + recording
Customer-25	4.3.2014	1,5	Trading	Portfolio manager	Field notes + recording
Customer-30	14.2.2014	1,5	Trading	Portfolio manager	Field notes + recording
Customer-31	4.3.2014	1,5	Trading	Portfolio manager	Field notes + recording
Customer-32	12.2.2014	1	Trading	Trader	Field notes + recording
Customer-38	12.2.2014	1	Trading	Portfolio manager	Field notes + recording
Customer-39	4.3.2014	1	Trading	Portfolio manager	Field notes + recording
Customer-40	25.2.2014	1,5	Trading	Manager	Field notes + recording
Supplier-1	5.3.2014	1	Analysis	Analyst	Field notes + recording
Supplier-2	25.2.2014	1	Analysis	Analyst	Field notes + recording
Supplier-3	12.3.2014	1	Analysis	Analyst	Field notes + recording
Supplier-4	5.3.2014	0,5	Analysis	Analyst	Field notes + recording
Supplier-5	10.3.2014	1	Analysis	Analyst	Field notes + recording
Supplier-6	12.3.2014	0,5	Analysis	Manager	Field notes + recording
Supplier-10	10.4.2014	1	Analysis	Analyst	Field notes + recording
Management-7	5.3.2014	1	Analysis	Manager	Field notes + recording
Management-8	12.3.2014	0,5	Analysis	Manager	Field notes + recording
Management-9	12.3.2014	1	Analysis	Manager	Field notes + recording

As seen from Table 2, the interviews were conducted with three groups of respondents. All the interviews were conducted face-to-face either with individuals as representing themselves, or representing both themselves and the business they are responsible for. All the interviews were voice-recorded and summarized after the meeting as field notes. The field notes were then sent to each interviewee for validation and feedback. The interviews focused on the topics which are presented in Table 3 below.

Table 3. Interview topics for the current state analysis.

Interview group	Interview Topics
<b>Customer</b>	<ul style="list-style-type: none"> <li>• Customer business and key business problem</li> <li>• Customer voice: value and service experience</li> <li>• Ideas for improvement</li> <li>• Interaction and Collaboration</li> </ul>
<b>Supplier</b>	<ul style="list-style-type: none"> <li>• Key customers and business problem</li> <li>• Customer voice by analyst</li> <li>• Internal processes: Key resources and activities</li> <li>• Ideas for improvement</li> </ul>
<b>Management</b>	<ul style="list-style-type: none"> <li>• Key Customers and business problems</li> <li>• The scope, limitations and priority of services</li> <li>• Key resources and activities</li> <li>• Most and least valuable services</li> </ul>

The topics shown in Table 3 also included some additional broader leading questions which guided and focused the interviews to collect the appropriate data and progress. As the questions were broader, they gave freedom for the interviewees to express their opinions and relevant information on the research topic in their own way. The answers also included the respondents' insights into the strengths and weaknesses, and usage patterns. The content of their answers was examined to find out the problem patterns and ideas for solving them, and compared against theory.

#### *Other data sources*

As the secondary data, this study utilizes the results of the previous surveys from the Market Analysis department organization change and trader surveys. The results of the previous study on the Market Analysis organization change included the planning material to re-organize and establish the new Market Analysis department. At that time, customer needs were collected as part of the study. The other secondary data, the Trader surveys, comprise the results from measuring the analysts' performance, from the customer perspective, and their capabilities to provide service to customers.

Additionally, this study involves some benchmarks comprised of the current Market Analysis product offering and the offerings from a number of external service providers. The

current product offering is used to complement the view to the current OPMA CVP, while the external service providers' offerings are used as external benchmark.

#### *Data analysis method*

The analysis methods applied to the qualitative data in this research is content analysis. Lasswell (1976) defines content analysis in the following way, using the core questions to demonstrate its logic: "Who says what, to whom, why, to what extent and with what effect?" (Lasswell 1976). In a broader context, it can be said that content analysis is a practice of making conclusions from the collected qualitative, textual data in an objective and systematic manner. The aim of the content analysis is to recognize the relevant features and characteristics in the data and make them obvious by categorizing into meaningful groups (Holsti 1969). Especially the interviews and documents such as studies and surveys dealing with qualitative data call for using this analysis method, which employs various ways of contemplation and analysis to conclude and summarize the data into the findings. These practices may not always be obvious but they lead to more content related insights which are combined together.

### 2.3 Validity and Reliability Plan

In general, when conducting a study of any subject, problem or phenomena, and producing results, there are always concerns how to evaluate if research has been any good and are the results trustworthy. Especially in qualitative research there seems to be a debate among the scholars because similar kind of methods to ensure credibility in quantitative research cannot be applied to the realm of qualitative methods (Shenton 2004: 63). Nevertheless, scholars have demonstrated multiple approaches how to increase the validity and reliability of a study.

*Validity* and *reliability* have several various definitions. Cho and Trent (2006) state that "the validity in qualitative research involves determining the degree to which researchers' claims about knowledge correspond to the reality" (Cho & Trent 2006: 320). Therefore, in this study, the *validity* may be interpreted to mean rightness and credibility of knowledge as descriptions, interpretations and conclusions made in the study and how closely those connect to real life without letting the researcher's own bias interfere. *Validity* also means confirmation that the research question originally asked in the study is rightly addressed meaning to ensure that the research has been uniform and holistic from the beginning to the end (Quinton & Smallbone 2006: 126).

Further on, *reliability* of the study concerns its trustworthiness and authenticity. The issue of reliability should demonstrate the evidence that, if the work were repeated, in the same context, with the same methods and by the same participants, similar results could be obtained (Shenton 2004: 71). Therefore, authenticity of the person, phenomenon, or situation becomes an important criterion for validity (Whittemore et al. 2001: 530) by ensuring that the same results may be reached if the research was repeated. Based on these definitions, it can be concluded that focusing attention and addressing validity and reliability in a study should contribute to its quality especially in qualitative research.

To increase validity in this study, the following measures are planned. First, the study will include detailed descriptions of the processes for data collection, analysis and application of the results. Second, the data collected from interviews is returned to the interviewees for checking and comments. Third, the key stakeholders, customers and management, will be involved into the development, discussions and interpretations of the proposal and results several times during the study. To further support this point, multiple sources of evidence will be included to reach a multi-dimensional, summarized view. Fourth, data is reported in detail and its analysis will be supported with direct quotes, when possible.

To increase the reliability of the study, several procedures will be utilized. First, the study will employ different data sources and approaches to collect data to increase its credibility and transferability. Second, only well-established theories on the subject are selected, investigated and applied in the study. Third, to promote verisimilitude, the outcomes are presented to different counterparties to challenge the solutions created. Finally, as there will be possibilities for interpretation, the researcher will also use his own critical self-awareness to re-evaluate the input and outcomes.

This plan for validity and reliability is evaluated again in Section 7.3.2 at the end of study against the actual results of the Thesis.

### 3 Best Practice in Building CVP's

This section discusses the existing and best practice for building a CVP in general and with provided possibilities in the financial and advisory services sector. The section is divided into two sub-sections. First, it introduces and defines the key terms related to customer value proposition. Second, it discusses the selected best practice to create a customer value proposition in the financial sector, with the key related points merged to serve as the conceptual framework in this study.

#### 3.1 Definition of Value

Customer Value Proposition (CVP) has several meanings defined in literature, broadly covering different aspects of promise of benefits from the market offering to the customers in certain groups. First of all, Osterwalder and Pigneur (2010) stress that with value propositions organizations seek to solve customer problems and satisfy the customer needs (Osterwalder & Pigneur 2010: 22). Kotler and Armstrong (2010) add to this vision stating that by defining that “value proposition is a set of benefits or value which the company promises to deliver” (Kotler & Armstrong 2010: 33).

Earlier, definitions of value propositions concentrated on the customer benefits gained from the product or service compared to its price (Lanning & Michaels 1988: 53). These approaches exercised purely economic ways to define the product's value to the customer. Value was defined as the benefits of service or product to the customer in terms of how much they are willing to pay for it, reduced with the price or service or product (Lanning & Michaels 1988: 53). This approach implied that in the offering had certain built-in features that created value for the customer, and the customer was passively receiving this value.

This approach is further developed by Andersson and Narus (Anderson & Narus 2004: 5) who use value in the context of monetary benefits for the functionalities and performance of the market offering for business markets. The same approach what also used by Kotler and Armstrong as the competitor comparison perspective when they defined the term superior value for customer (Kotler & Armstrong 2010: 217). According to Anderson and Narus (2004), value has economic, technical, service and social benefits received by the customer for the exchange of price they pay. As such, changes in the offerings price should not change the value for the customer but rather impact on the



customer willingness to acquire the offering. This may be also very typical in business market environment, where the price only can rather be the prime nominator for the value of offering. Taken more generally, the customer usually wants lower prices all the time, along with higher service quality and broader offering. Supplier, on the other hand, can at some point claim that without adding costs, the customer value is on the limit what can be reasonably expected. Further on, Anderson and Narus (2004) claim that it cannot be assumed that the customer is accurately perceiving or understanding all the value of the supplier's offering. Therefore, the company needs to translate the features of the offering to what they are worth in the customer own set-up (Anderson & Narus 2004: 7). This may move value thinking further to the customer side, even though the supplier is still the one who is expected to find, define and promote value to the customer.

Andersson et al. (2006) continue this discussion by comparing value experience to the next best alternative, mainly meaning the competitor offering or solving the customer's problem by other means (Anderson et al. 2006: 94). However, it is interesting to recognize that the other means includes the customer possibility to solve the problem without the assistance from the supplier or even leave the problem unsolved. This leads to thinking that value needs to be considered more broadly than just against comparing it to other competitors. To add to this discussion, Wouters (2010) emphasizes thinking that value can be different and worth differently to different customers. (Wouters 2010: 1103).

These earlier approaches to defining value based on the monetary and competitor logic, later expanded with the view on the customers' next best alternatives, has led to a more recent discussion of value within the foundational premises of the service-dominant (S-D) logic. There, value could be co-created between the customer and the supplier in the service interaction, compared to goods-dominant (G-D) logic where value is imbedded in the product and delivered to the customer (Vargo & Lusch 2004: 4) (Vargo & Lusch 2008: 3). In S-D logic, value can be measured in financial terms but there is also included some attitudinal component, "feeling the value". This happens especially in service interactions between the customer and the supplier (Grönroos 2008: 303). Based on this, Grönroos (2008) concludes that adoption of service-dominant logic makes a strategic decision. If the customer buys products and services as resources and does not expect the customer-supplier interaction to happen, the development of the market offering should be based on G-D logic (Grönroos 2008: 310), meaning that the interaction cannot improve the offering in this context. On the other hand, if services are bought according to S-D logic and their delivery makes part of the value creation processes, the supplier

gets involved in the interaction with the customer and become a co-creator of the customer value through this interaction.

In the context of this study, this means that to resolve the uncertainties of what are the most valuable OPMA services to its customers, the search for value needs to focus not only on the expenses and monetary values, but also on the service experience as a whole. Although the features of products and services contribute to value experience, it is the interaction between the analyst and the customer that may have a especially important impact on the service quality and value creation. Thus, it makes a criterion that may help to identify the most valuable services and adjust OPMA service offering accordingly.

The next sub-sections will utilize the previous value definition and the most recent views on value creation to discuss the building blocks of CVP for OPMA.

### 3.2 Building Blocks of CVP

As building blocks for customer value proposition are outlined in the definitions of customer value and value proposition discussed above, they can be broadly identified out of these definitions. Kotler and Armstrong (2010) conclude their thinking of value proposition with the statement that “to *target segment* and *need* our *offering* is the *solution* that have these *points-of-differences*” (Kotler & Armstrong 2010: 240). It can be seen that their statement is approaching value from the supplier perspective, and as such, this statement points to the ultimate elements, in their views, of customer value proposition. If broken down to the building blocks of customer value proposition, it can be interpreted as distinguishing the *strategy and environment*, *customer segment*, *customer needs* and *value experience*, *customer offering*, *key resources* and *key activities* as building blocks of a CVP. Next, all these building blocks are separately defined and discussed to see their link to customer value proposition.

#### Strategy and Environment

Referring to the earlier statement, when the company decides to target some customers with its offering and some particular value meaningful to them, the company is taking a strategic decision, or a series of strategic decisions. According to Porter (1996), strategic decisions are made to choose what to do and especially what not to do (Porter 1996:

12). He continues that *strategy* itself means differentiation, in a sense of choosing and combining a set of different distinctive activities. He continues by saying that “operational effectiveness is not strategy. Strategic positioning means performing *different* activities from rivals or performing similar activities in a *different* way.” This differentiation is typically visible in a *business model* which demonstrates how the company operates in the market, provide its offering to create value or benefits for its customers and earn its profits to be successful. There can be several ways to define a business model. According to Osterwalder & Pigneur (2010), “a business model describes the rationale of how an organization creates, delivers, and captures value”.

Further on, *competitive environment* creates another foundation of the strategy, business model and eventually makes a key building block in customer value proposition. Competitive environment, or surroundings, of the supplier is needed to understand and address the possibilities where the supplier can provide superior value for the customer, where it needs to partner with someone or where it should or should not compete (Anderson & Narus 2004). This thinking is also related to Porter’s (2008) logic of forces which shape the strategy (Porter 2008: 25). As customers always have the possibility to choose, direct competitors are at least one relevant field to observe but there are also other areas to address. These areas can include the customers itself or the supplier’s suppliers. Additionally, new entrants or a new offering can shape the competitive environment, attract customers elsewhere and force the supplier to change its strategy and, eventually, its customer value proposition.

In this study, Market Analysis department, and OPMA as its sub-unit, is the internal service supplier in the company. As a supplier, they have always an element of some external competition because its customers can choose not to use, in terms of ignoring, the supplier’s services or acquire the required services, especially information, outside. Additionally, competitive environment in this study can also be extended to include the company internal environment. So far, the management of the Market Analysis department has received a mandate and limitations from company top management to arrange and provide services internally. Therefore the supplier is affected by decisions and changes happening in that environment, especially in terms of the guidance to the scope of customers being served, the resources available, and the supplier’s efforts allocation. When talking about the mandate, it describes the target of what to deliver and who to deliver it

to, but it does not relate to how the service is delivered. This gives freedom to the management of the Market analysis department to organize the service delivery to their best view as long as it delivers the required quality of service.

The Market Analysis department can be considered as a company of its own, which needs to justify its existence and earns its profits. This also calls for identifying their strategy and differentiation. There needs to be certain activities that they either do differently or activities which are not done by others. If they cannot demonstrate this happening, the customers and management can, and most likely will, look for other options. For these reasons, even though the strategy review is not the main focus in this study, it is included and helps to understand the strengths and weaknesses of current CVP. Especially from the management side, it is important to gain an understanding of the choices made when creating the organization and specifying its services. These choices may have certain impact on value creation which makes it necessary to identify, define possible consequences, and find ways to strengthen, or limit or remove their impact.

Based on the definitions in this sub-section, Strategy and Environment as a building block of CVP needs to be examined, especially from the point of view of the strategic decisions taken by the Market Analysis department management to deliver the services. As it will be demonstrated, these strategic decisions include targeting and setting the scope of department, selection of the key resources and activities, both as own capabilities and via partners, and the forces of competition (in a larger extent) to be aware of. Later in the study, understanding of these forces is revealed through the management interviews, and possible consequences and the impact of these forces are identified in the discussions on the service delivery improvements.

### Customer Segment

The statement by Kotler & Armstrong (2010: 240) cited above that points to the content of CVP as offering the solution that have "*points-of-differences*" means that something valuable, with offering some valuable points-of-difference, is served to someone (Anderson & Narus 2004: 156). It is here that value can take different shapes, for example, value-in-exchange or value-in-use, discussed earlier. In the ideal situation, in the end that somebody receiving value is satisfied. This someone can be defined as representing customer segments. In general, customer segments relate to the groups of customers

the company serves. These customers have usually a certain similar kind of needs, characteristics and behaviors which require its own market mix or separate marketing strategies (Kotler & Armstrong 2010: 215).

Segmented customers need to be profitable for the supplier, and the supplier need to have required activities to create value for them. In the external market environment, supplier can usually choose which customers to serve and also have a possibility to exclude certain customer groups. As value proposition defines how the company will create superior value for customers, it also means that in some cases same value proposition can serve several different segments. But typically value propositions are separated for different segments (Kotler & Armstrong 2010: 222).

In this study, all customers are predefined and they cannot be excluded. Market Analysis department can only influence the service level and the scope of services they provide, but all customers will be served in one way or another. In the same way, the internal customers themselves have different service quality levels they may want from the service. Therefore, the customer segment is needed as a building block of CVP for OPMA, because the current service offering needs the customer segmentation as a logical element of CVP (Anderson & Narus 2004: 185). Thus, in this study the main utilization of customer segmentation is to illustrate customers as consumers of particular types of services. It can be done through their user profiles to identify if the offering somehow varies between these profiles. Additionally, customer segmentation will be used to map the customer needs and value experience statements based on the findings from the interviews. Thus, in this study, customer segmentation will mostly serve the purpose of determining the service improvement points.

### Customer Needs and Value Experience

When targeting greater performance and better customer satisfaction, companies have a danger fall in the trap of serving almost all the needs of customer. Porter pointed this out with Japanese companies who traditionally tried satisfy all the customer needs and ended up blurring their positioning (Porter 1996: 5). Therefore, company has to understand what are the real customer needs out of all the needs they have and where company can serve them profitable.

Customer are not actually interested what they buy or consume but what they can do with it when in use or available (Grönroos 2008: 303). In this study, customer offering as analyses, recommendations and forecasts may not be interesting alone but the value in the information content, when available and properly communicated, creates the difference. It may not even be interesting where the information is coming and how constructed, as long as it provides support for decision making and the reasoning provides experiences of trust and convincement. The forecasts and analyses are more in-direct advices but especially recommendations, as more direct advices, may have a great influence to decision maker. According to Bonaccio & Dalal (2006), decision makers are sensitive to trust on advices if quality of advice varies or decreases. The trust or good reputation is far more difficult to gain than loose (Bonaccio & Dalal 2006: 130). Thus, the analysts need to constantly perform without larger quality decreases or longer periods of inferior quality advices. Otherwise they have to take great effort to earn the trust back.

To continue, it is possible to find similarities in the work of financial analyst and management consultants. Greiger & Metzner (1983) have defined management consulting as an advisory service where qualified and trained persons help with objective and independent manner customer. The consultants help to identify, analyze and if needed, even solve the problem of client (Greiger & Metzner 1983). In the same manner financial analysts, who are specifically trained to possess analytical and modeling skills, help customer by analyzing market environment in financial or commodity industry. They must be able communicate a rational and independent view of market situation to support decision making and, to succeed fully, provide reasoned recommendations to money managers with positive success rate. Especially success rate is separating good and bad analysis from each other.

In her research of analysts and emotions in financial organizations, Nekrassova (2010) categorizes following key features for good analyst: independency and rationality, communication skills, business understanding, originality and trustworthy selling. There needs to be both the actual analysis and recommendation (*outcome*), as well as communication of convincing own view with supporting arguments (Nekrassova 2010: 9). She adds that this must happen on the right time and right place. Thus, the general customer needs for analysis services can be expressed in this study as “*effectively communicated differentiated views and advices which are objective, packed with knowledge and supported by experience and therefore can be trusted*”. However, the trust may not

appear immediately but might need consistent building of relationship with customer and evidence, the track record of success of analyses.

In the case of analyst and trader, value is co-created together when views and advices are provided. Prahalad & Ramaswamy (2004) suggest that, if value is co-created together with customer, focus needs to be in quality of interaction (Prahalad & Ramaswamy 2004: 5). When thinking analysis services to decisions making and reflect where the value is created, it may occur mostly in two places. First, it can appear in direct interaction with analyst and customer or, second, deeper in customer's own decision making process as one or several of inputs. Thus, we can expect also the value experience mostly happening in that occasion.

In order to achieve understanding of the success of service delivery and quality of interaction in it, it is not enough to think of how customer may appreciate value of the services. According to Anderson & Narus (2004), normal customer satisfaction survey captures supplier's performance what is expected, not what the services are worth to customer (Anderson & Narus 2004: 187). Further, to build up true customer insight, Manning & Bodine (2012) suggest not only to ask customer needs for business problems, which are also important, but also gain understanding what are the usage situation where offered services are used (Manning & Bodine 2012: 67). This helps to understand also the problems in wider scope and may reveal more insights. Therefore, it can be summarized that the more the supplier understands the customer's usage of service or products, the greater potential the supplier has to adjust offering to create superior value for the customer.

Additionally, customers themselves are not the only ones who can reveal insights to the value experience. Usually the supplier has several touch points where they interact with the customer and in many of these touch points, the supplier's persons are co-operating directly with the customers. These touch points can be valuable source for further insights (Manning & Bodine 2012: 95). Therefore, while interviewing analysts, it may be important to get employees' views of how the customers experience the service, both the positive and negative experiences.

Thus, it can be summarized that customer needs drive the customer value proposition building. Not all the customer needs are to be served but the ones which are the most valuable for them. When investigating customer needs for the services where advice

giving and interaction are in central role, most likely the communication of convincing analysis and recommendations are the primary needs from customers. Convincement as a service quality may happen both with the accuracy of actual forecast but most likely in the interaction between the analyst and the customer. Hence, the value experience in other forms than pure product features may be the source for good analysis and source of findings for improved customer value proposition. For these reasons, the customer needs and value experience are included in the building blocks of customer value proposition.

### Customer Offering

Customer offering, in general terms, means the enabler of customer value proposition. Customer offering enables it either proactively, when some totally new approaches of meeting customer needs are invented, or reactively, when the key customer needs are known, and the supplier reviews its existing offering and combines it in such a way that it would meet the identified customer needs. Andersson and Narus (2004) use the term *market offering* to represent the customer offering and define it as the offering which includes the core product or service that the supplier offers. This offer can include supplementary parts such as services, programs and systems. These supplementary parts helps to adjust the offering to the particular customer needs and gives flexibility to offering formation.

According to Andersson and Narus (2004), customer offering also includes *functionalities* and *performance*. Functionality describes what the product or service does, and performance describes what it provides to the customer (Anderson & Narus 2004: 34). Similarly, Kambil et al. (1996) argue that value is created when the product attributes, which they define as features, design, service and support, match the specific customer needs. They also suggest that product performance relates to the number of customer needs which the product fulfills and the degree to which the product fulfills them (Kambil et al. 1996: 24). As a conclusion from their studies it can be stated that by improving product performance of those four previously mentioned attributes, namely, the features, design, service and its support, a greater customer value can be created.

This approach, however, may have some implications, if transferred from the G-D logic to S-D logic. Grönroos (2008) expands the definitions of offerings to S-D logic by saying



that the service-based business logic (S-D logic) includes products, services and interactions. Products and services are believed to support customer in every day practices, while interactions enable to the supplier to step into the customers' every day activities, influence them and thus give additional potential to co-create value with the customer (Grönroos 2008: 306). Therefore, in S-D logic the actual offering becomes extended beyond the point of initial exchange. Additionally, Kambil et al. (1996) suggest that value propositions define the relationship between what a supplier offers and what a customer purchases by identifying how the supplier fulfills the customer's needs across different customer roles (Kambil et al. 1996: 31). Consequently, this ties together the customer offering and the customer segments.

In this study, when looking at the analysis services provided by OPMA, one can see both services and products delivered to the customers. The products are typically the forecasts and written analyses presented as reports and graphs; and the services can imply either direct communications with the customers in order to present and discuss forecasts provided with some reasoning, or recommendations of certain type of actions towards market by the trader. Forecasts can be easily seen either as the direct model output or otherwise hard values based on the defined inputs. It can also be said, along the communication, interaction is happening all the time as the analysts are closely involved in the customer's daily activities and influence them. Thus, it can be concluded that the OPMA customer offering needs both hard and soft values for value creation and value proposition fulfillment. This is in line with Clarke's (2006) comment when he is emphasizing the importance of soft skills when doing forecasting. Additionally he stresses the significance of good skills for uncertainty assessment and risk management (Clarke 2006: 25). In the context of this study, this means even more that the analysis service offering is about communicating and interacting with the customers and the surrounding environment.

Thus, customer offering makes an important building block for CVP because it is used to define the key products and the services offered to the customer, as well as points to the features needed to fulfill these needs. Once customer offering is clarified for each customer segment and matched to the customer needs, the actual performance of those customer offering features can be looked at and deviations found in the customer value creation. The deviations can be worked on to the proposals of improvements of service experience.

## Key Resources

When looking further into the position statement, the brand and solution may be seen to as referring to the capabilities and processes of the supplier to create value for the customer. From the supplier perspective, these capabilities usually mean the key resources and the key activities, either existing or acquired.

Supplier needs to have certain key resources which would enable the delivery of services. This does not mean such resources which are the basic enablers, needed by every supplier, for the delivery according a business model, but those key resources which are selected because they are the most valuable and create superior value to customers. Individually these resources may not make the difference; but combining them in a unique ways creates a competitive advantage. Additionally, the supplier needs to choose which areas they need to be better in compared how others are doing. Usually to make this choice and become better in one area means to give up the capabilities in another area (Porter 1996: 63). This trade-off needs to be carefully considered and balanced by the supplier, in order to succeed in the service delivery.

When the key resources are recognized, evaluation of their performance can be done. As management has identified and selected, with their best knowledge, certain resources to become key value enablers, they can be evaluated as for how they satisfy the requirements for the delivery of service. Thus, it can be concluded that in order to improve and the customer value proposition, the performance of key resources must be reviewed and evaluated by both customers and management, and further on even by employees. Customers and management usually are able to say how they those are performing in practice. Employees can support by giving strengthening or weakening signals of performance. Based on that, it may also be possible to see if there was a proper selection or balance of key resources done, which would enable the competitive advantage against the competition.

In this study, key resources for OPMA could be expected to be the people and their expertise. Usually gaining and improving expert knowledge requires person to learn the

specifics of the subject and time to experience different situations where the actual application of this knowledge is refined into real expertise in the subject. In the case company, this knowledge enables advice giving. Advice is perceived as supporting decision making when the knowledgeable person shares this knowledge as the one holding “expert power” (Bonaccio & Dalal 2006: 130). To conclude, to be able to gain expert power, the person needs to possess certain expert capacities and have invested enough time to learn and experience in order to gain this knowledge. These characteristics determine the key resources in the case company and specifically in OPMA.

### Key Activities

Key activities are processes and practice which can make customer value proposition repeatable and scalable. As with key resources, according to Johnson (2008), there is tight relationship between customer value proposition and key activities (Johnson 2008: 62). They also notice that key activities in people and knowledge related business are usually training and competence development. Thus, this suggests that two aspects of the key activities as a building block for CVP needs to be examined. First, the key activities connected to organization learning and managing people development might be the most relevant. Second, the issues related to challenges for repetition and scaling of these previously mentioned key activities is of interest in this study. The challenges can be in the poor performance or, in the worst case, in the absence of these key activities. Most likely the analysts are the key data source to reveal the performance. Therefore, the key activities are needed as a building block for CVP.

### 3.3 Conceptual Framework for CVP in This Study

In this study, several key approaches identified as significant from the existing knowledge and best practice make the building blocks of its conceptual framework. These building blocks were discussed in the sub-sections and their importance to this study was argued for. Figure 3 below, shows the building blocks merged into the framework. Same Figure 3 also visualizes the order and linkage between the framework parts.

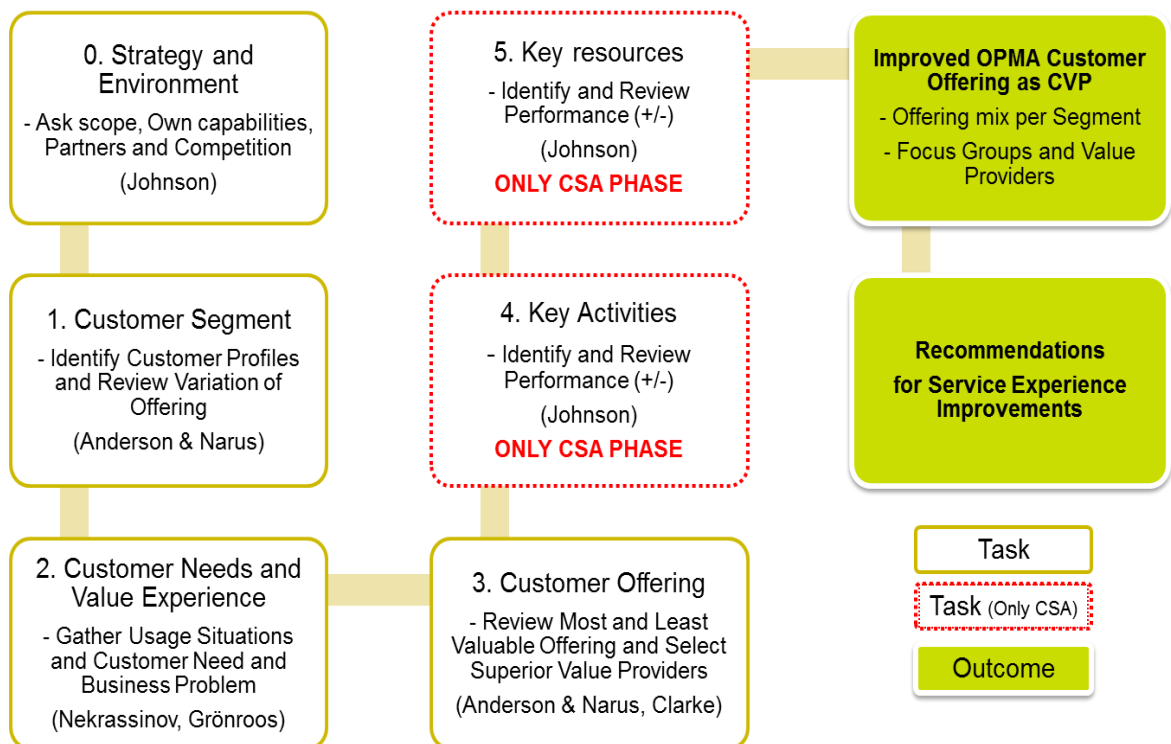


Figure 3. Conceptual framework of customer value proposition and outcomes of the study.

As seen from Figure 3, the main building block for CVP include: 0) Strategy and Environment, 1) Customer Segment, 2) Customer Needs and Value Experience, 3) Customer offering, 4) Key activities and 5) Key resources. It is relevant to notice that framework building blocks 4) and 5) are considered only in the current state analysis phase but not further utilized and implemented for building an improved service offering as CVP.

The strategy and environment building block defines the scope and environment for CVP. The Customer segment building block investigates the customer differences and variation of their offering. The customer needs are gained, in OPMA type of advisory services, from the usage situations and interactions. The trust building is in central role to value creation. The Customer offering reflects the customer needs to service features and performance where the most and least valuable services can be identified. The key activities enables the services to repeat and scale itself, where as key resources are the primary enablers of service delivery. For both of those performance gaps are essential to identify, in order to improve service.

The conceptual framework also illustrates the logical order of how the creation of the customer value proposition proceeds in this study. Finally, Figure 3 shows the outcomes of this study. Those are improved OPMA service offering as CVP and recommendations

for service experience improvement. Each of the blocks also presents the analysis method needed to create an improved customer value proposition for OPMA in this study which would help to respond and solve the business problem of this study. All the building blocks are applied in the current state analysis presented in the next section.

## 4 Current State Analysis

This section presents the findings from the current state analysis based on the interviews and other material analysis concerning current state of OPMA customer value proposition. This section starts by description of analysis approach and method to record findings from analysis. Succeeding sections discuss and summarize current state analysis results. Each building block is discussed and used to frame current state analysis to categories. Findings for both strengths and weaknesses are presented. Current state analysis is concluded by summary of main findings.

### 4.1 Analysis Approach and Methods for Documenting Results

The conceptual framework is used to form structure for current state analysis. Following picture Figure 4 illustrates how each building block is serving current state analysis.

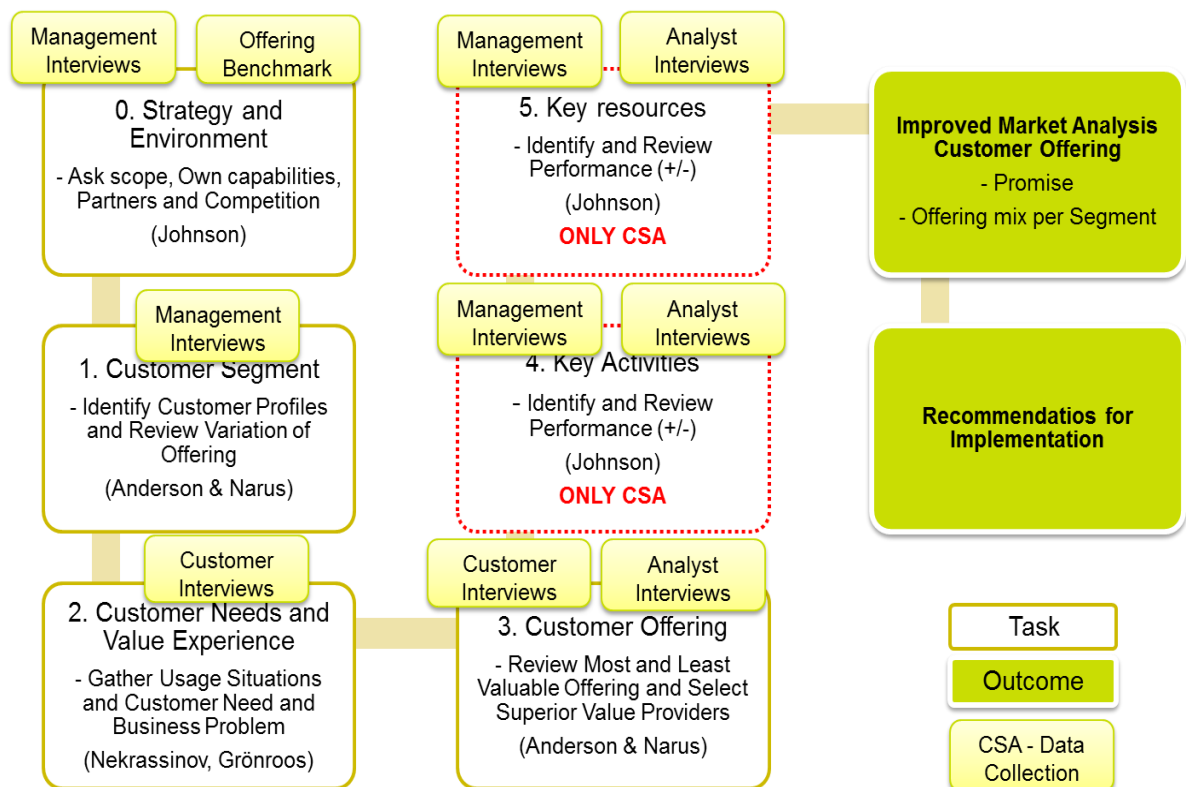


Figure 4. Conceptual framework with linkage to the current state analysis and interview sources.

As seen from Figure 4, the main data sources, which are the qualitative interviews with customers, suppliers and management, are linked to the building blocks to visualize from where each part is receiving main information for particular building block findings. Other

interviews and building blocks may also provide useful information, or the actual finding may reveal itself only after combining the information from several blocks. Figure 4 also informs that the key resources and activities are explored for the current state analysis purposes but not further developed in this study.

For further studies one customer segment was selected to identify in detail their most valued services and weaknesses. Limiting the study to one of the main customer segments was due to the fact that the customer segment CS1 was the largest segment that OPMA is serving. The segment was also expected to give the most colorful comments about the current performance of services. Additionally, it would have required more time to implement the study to all the customer segments. However, a selection of customers from other segments was interviewed to receive general feedback on their service experience. The purpose was to see if any common service quality issues between customer segments existed and if some issues could set the customer segments in conflict with each other.

The current state analysis was conducted in the form of interviews, observations and evaluations of different materials. The findings from these sources were gathered together and organized in two different ways. First, by using the pre-defined customer segmentation and, second, by collecting and summarizing the main findings to reveal the strengths and weaknesses. The summary of the main strengths and weaknesses in each individual customer segment is presented in Table 4 below.

Table 4. The findings from strengths and weaknesses in service offering for customer segment CS1.

[illegible]



As seen from Table 4, each summarized finding is encoded in the manner of Sx and Wx, where S stands for strength and W for weakness. Attribute x is indicated as running number for both strengths and weaknesses individually, starting from 1. Each customer segment has a separately started numbering for encoding their strengths and weaknesses. Same kind of strengths and weakness appeared in different customer segments but those were not summarized together but rather allowed show repeatedly again in different segments. This way none of the findings were missed. Second, the encoded strengths and weaknesses were mapped to the customer offering. This way it was possible to find which offering had most of the strengths and weaknesses. The summary of the strengths and weaknesses mapped to the service offering is shown in Table 5 below. The complete mapping of relations is presented in APPENDIX 4.

Table 5. The summary of strengths and weaknesses by service offering.

Services category	Offering	Weaknesses - # Remarks	Strenghts - # Remarks
Direct Consultancy		<div><div></div>6</div>	<div><div></div>5</div>
		<div><div></div></div> 1	<div><div></div></div>
Scheduled analyses		<div><div></div>5</div>	<div><div></div>3</div>
		<div><div></div>1</div>	<div><div></div></div>
		<div><div></div>3</div>	<div><div></div></div>
		<div><div></div>2</div>	<div><div></div></div>
		<div><div></div></div>	<div><div></div></div>
Forecasts		<div><div></div>2</div>	<div><div></div></div>
		<div><div></div>12</div>	<div><div></div></div>
		<div><div></div></div>	<div><div></div>1</div>
		<div><div></div>1</div>	<div><div></div></div>
		<div><div></div>3</div>	<div><div></div>1</div>
		<div><div></div></div>	<div><div></div></div>
		<div><div></div></div>	<div><div></div></div>
		<div><div></div></div>	<div><div></div>1</div>
		<div><div></div>4</div>	<div><div></div></div>
		<div><div></div></div>	<div><div></div></div>
		<div><div></div>2</div>	<div><div></div>1</div>
		<div><div></div></div>	<div><div></div></div>
Analyses		<div><div></div>3</div>	<div><div></div>6</div>
		<div><div></div></div>	<div><div></div>1</div>
		<div><div></div></div>	<div><div></div></div>
		<div><div></div></div>	<div><div></div></div>
		<div><div></div>2</div>	<div><div></div></div>
		<div><div></div></div>	<div><div></div></div>
Market Outlooks		<div><div></div>1</div>	<div><div></div></div>
		<div><div></div></div>	<div><div></div></div>
		<div><div></div></div>	<div><div></div></div>
Information Services		<div><div></div></div>	<div><div></div></div>
		<div><div></div></div>	<div><div></div></div>
		<div><div></div></div>	<div><div></div></div>
		<div><div></div></div>	<div><div></div></div>

Table 5 shows that all the encoded findings were labeled and targeted to different service offerings whenever possible. There were few findings which did not belong naturally to any service offering category. Additionally there were some findings which had both meaning towards the service offering but also reflection in the wider service delivery context. There was one such a finding for weaknesses: CS1-E W2. Similar findings for strengths were CS1-E S1, CS1-D S2, CS1-B S3, CS1-A S3 and CS1-B S5. These were included in the current state analysis to general service management findings.

These two categories and summaries were used to identify the strengths and weaknesses more in detail. This method also helped to illustrate, discuss and communicate the findings with relevant counterparties and provide more insights to the meanings behind. Next sections will connect the findings to the conceptual framework and discuss them in more detail.

## 4.2 Strategy and Environment

In this section, the findings for strategy and environment building block are discussed in three separate sections. First, there is discussion about the findings for scope. Second, discussion is continued to priorities. Last, the findings are reported for follow-up issues.

### Scope

According to management service, the scope helps to organize and deliver centralized analysis services to serve two main overall customer needs. First, it helps to gain independent status outlook of competitive environment to support strategic decision making and communication. Second, it helps to receive neutral and analytical view of market development in different time horizons to support operative decision making. The second one in particular is making the service scope for OPMA. In OPMA, the service is organized in the way to maximally fulfill the customers' needs, and as one customer with previous experience from other corporations expressed it: *"I was very positively surprised how well coordinated and continuous analysis is provided here compared to my previous corporate environments"* (Customer-7).

One customers' concern mentioned in the interviews was a potential risk of mixed analysis messages when serving two different customer groups. Operative customers require *"a real good and bad view of current market situation"* (Customer-10), whereas

strategic customers want to have analysis which supports the company's best interest for the future. This is related to neutrality of the analyst's view which was emphasized by management to be the objective of the analysis outcomes and a preferred style of communication. Based on the results, there seems to be some issue which impacts the service experience for "operative" segment customers, especially the customer segments CS1-E and onwards. This may be due to the fact that in this segment the analyst view is more based on uncertainty of the market environment rather than the actual power system. This may create different points of view as the external market environment is more heavily involved.

Management mentioned that the service offering scope is not carved in stone but *"the market analysis offering can include whatever analysis where we can see it making additional value for business"* (Management-9). Positively, this implies the given flexibility to explore and organize the service delivery and offering freely to meet the customer needs. On the hand, this may indicate that management has not considered enough the trade-offs they have to make, and there is a danger of confusing the actual service offering scope. This may have implications on how easy it is to communicate priorities and balance the development efforts to correct service areas. Other implication may include that service offering may grow more on *ad-hoc* basis rather than based on a consistent strategy. Finally, as flexibility is highlighted, the focus areas may change quickly and earlier started initiatives compete with the new ones. This may make it difficult for the customers and analysts to understand which tasks to concentrate on and even who is doing those.

The management emphasized heavily that the service should not include any decision making on behalf of the customers but instead provide focus areas, recommendations and suggestions. The results of the customer interviews support this, as interviewees highlight their accountability of Profit and Loss (PnL) and require only a neutral partner to provide analysis.

### *Priorities*

The management expressed that OPMA prioritizes lie in the operative customers. Inside this customer segment, the priorities currently are placed according to current value creation and not by the highest potential of it; even if management sees the need for it. The

main reason is on-going development to improve intra-day and short term analysis service. On the management level, the customers share this priority view. At the same time for the analysts, portfolio managers and traders, who witness this happening, this naturally raises some concern. They have difficulties to understand priorities and therefore there seems to be a communication challenge for both the customer and analysts' management.

#### *Follow-up and Measures*

The customers are concerned about the visibility to the service measures and their follow-up. Mid-term forecasting services are not measured and benchmarked in a similar detailed manner as the short term analysis services. This was considered to decrease the service quality of forecasting accuracy and to lower the trust for the analysis in several different ways. First, the customers accept the fact that the forecasts cannot ever be exactly correct. Thus, they would like to have more information of the range of forecast error and the direction of error. This would help them to adjust their own decision making further. Second, as currently the follow-up is based more on the feelings of correctness rather than numbers, the trust for the analysts is also lower. As a result, the customers were more interested to see than feel what the track record of each analyst's recommendations is. Third, the possibilities to find systematic errors in the forecasts are narrowed when such a follow-up info is not available.

Additionally, alignment to customer value creation target is mentioned also as a weakness for the service quality. The customers in segments CS1-E and CS1-F feel that there was not enough discussion about the common target setting between the customers and the analysts. This decreases the customers' trust to get support from the analyst, and enables the customers to argue that not all of the customers are served in a proper manner. They may also say that even if they are served, the business drivers for analysts are coming from other target settings.

### 4.3 Customer Segment

The main customer segments for OPMA are CS1: "Operative", CS2: "Strategic planning" and CS3: "Standard". These segments are illustrated in Table 6 below. Both the customer segments and customer groups are used to mean the same thing in this study.

Table 6. The characteristics of main customer segments.

Customer Segment	CS 1: Operative Trading "Operative"	CS 2: Corporate "Strategic planning"	CS 3: Others "Standard"
Description	<ul style="list-style-type: none"> <li>•</li> <li>•</li> <li>•</li> <li>•</li> <li>•</li> </ul>		

As seen from Table 6, all the segments are briefly presented, but further analysis concentrated on customer segment CS1. If some issues were noticed from the other segment influencing to segment CS1, those were added to the analysis results.

Presently, the management has clear view of the target customer groups. Their intention is to serve with half-and-half resource allocation two customers segments: *operative* (CS 1) and *strategic* (CS 2). Additionally, analysis outcomes are made available and accessible to a larger group of *standard* customers (CS 3) who receives non-tailored analysis. Out of these segments, the update of continuous strategic outlook was elevated when the management was asked about the most valuable service. This implied that mentally emphasis seemed to be more on the strategic customers than the operative customers. The operative customers' interviews indicated the same experience for both resourcing and the analysts' efforts allocation. It was stressed in the expressions like: "...*clever analysts are noticed quickly but allocated to serve corporate needs...*" and "...*for the analyst it is far more tempting to create a nice strategic market outlook presentation to the*

top management than recommend a certain buy or sell decision which may result a million loss in a short notice” (Customer-30). This is naturally makes a leadership issue and derived from chosen service strategy but degrades the customer experience if the value and importance of the other customer segments are not addressed in the management communication.

Customer Segment CS 1 – Operative

The focus on the current state analysis was in customer segment CS1 “Operative”, which is introduced and described in Table 7 below with all related sub-segments.

Table 7. The customer segment CS1 and descriptions of key business problems and time horizons.

Customer Segment	Customer Sub Segment	Description
"Operative"	<input type="checkbox"/>	
	<input type="checkbox"/>	
	<input type="checkbox"/>	
	<input type="checkbox"/>	
	<input type="checkbox"/>	
	<input type="checkbox"/>	
	<input type="checkbox"/>	
	<input type="checkbox"/>	

As seen from Table 7, there are several sub-customer segments in this group. One of the findings was that it seems natural to divide the customers into sub-segments based

on the time horizons in the focus. This is the way how the customers have organized their business lines and organizations.

There are different emphases on analysis in different time horizons. The short-term analysis has the main focus on the power system and behaviors in that environment. On the other end, mid-term analysis needs to concentrate on uncertainties in the power markets and global drivers such as commodity prices and political decisions. This leaves it, of course, to the analysts working for customer segments CS1-C and CS1-E as their most demanding task since they have to combine the views based on both short- and mid-term trends.

One additional finding was that some of the analysts are rotating to different tasks and between different segments. This may be helpful to gain an overall view of different areas but it also creates several problems or challenges. First, the analyst time for specialization in the subject is limited. Second, the accountability, commitment and concentration to certain customers' targets and results may be weak. Third, segmentation may get distorted, because the same resources are serving different customers all the time. This at least requires high concentration to change efficiently and show different behavior to different roles when the customer segment is changing.

#### 4.4 Customer Needs and Value Experience

There were several needs which were expressed and recorded in analysis. As expected, the customers expressed a great need for the analysts to express their own view of the analysis and not just repeat the produced results of calculations and the forecast process. Thus, the customers were looking for a more consistent message and view from analysts.

There are also two newer customer segments growing: CS1-A and CS1-G. Both have the same typical feature that they do not naturally fall into the same categories with the needs of the other customer segments. Especially the customer segment CS1-A requires new skills and tools from the analysts to be able to serve this segment as required. As a specific feature, this segment requires an extensive level of automation of data flows, continuous update of forecasts and even minute level response times to the customer needs.



The customer segment CS1-G is a new business area and may require combination of efforts from different analyst teams. The customer for this segment expressed also the unawareness which of the analyst teams should serve them. Nevertheless, the main need was to receive the case analysis instead of a structured and scheduled analysis because the business opportunities occur occasionally rather than in a continuous manner. Further on, to serve the customers' needs in this segment would require dedication of some analyst resources to the customer business problem. This would enable the analysts to understand what kind of market behaviors are relevant and later release the pressure for full-time involvement in the subject.

The mid-term forecasting accuracy as a product feature was the most widely expressed weakness by the customer segments. However, the customers were not requesting exact individual numbers of prices in the forecast but rather the trends and ranges.

Another main area of frustration was the reachability of the analysts to communicate and discuss with the customers. On the other hand, there were also positive signs of this happening occasionally but even further pro-activity was requested. In general, experiences of the morning meeting were positive by the intra-day and short-term customers but the other customers were not particularly satisfied with the service.

More or less all the customers requested more business understanding from the analysts. The intra-day customer recognized that the analysts were already in the learning curve but asked for more activity to learn their new business area and fundamentals behind. The short-term customers requested further development of the analysts understanding of the impact from their forecasts as system inputs to the customer planning process. The mid-term customers were concerned about the analysts' knowledge of the forward markets and requested more market based forecasting instead of relying on model based methods.

Additionally, there were comments about variation of analysts' capabilities to communicate their message. However, it was largely appreciated if the analysts showed willingness and proactively suggested something. Then the customers were able to witness that the analyst had put efforts into the analysis. Therefore, the customers referred several times to the case analysis which was seen valuable and would like to occur more often. On the other hand, the customers experienced that the case analysis still needed further development by OPMA. Last, the need to visualize and see the track record of

analysis performance was considered useful and could further help to develop the service quality and performance.

#### 4.5 Customer Offering

One of the general findings in the customer offering was that the standard service offering description was difficult to find by the customers and also to describe as content. In the customer interviews, the persons discussed the same service offering with different terms, but mixed the terms they used or were somehow unaware of what offering is available at all. Another general finding was that the customers were unaware of the offering as a whole. They were looking for more possibilities to easily find what is offered, what the features of the offering are, who are the contact persons for further information and where all the material is located.

The short-term customers also required more transparency to the development done by OPMA. By transparency they meant two issues; the priorities between development items and the interaction to discuss what certain accomplished development helped.

##### *Direct consultancy*

The direct consultancy service in general was considered as one the most important services by almost all the customer groups. OPMA, however, seems to have a narrow competence pool for providing this kind of service. This is due to the fact that this is the most resource intensive and requires certain type of persons for the role. This conclusion is taken from the current feedback which comes two-folded. First, the amount of current competent resources is only sufficed for the customer groups for the shorter term trading. They also provided good feedback for the service such as *“it easy to ask for quick comment or question (as they are nearby), they can do small analysis and return shortly”*. Second, there are dedicated analyst resources for the mid-term customers but the competencies, communication possibilities and distance to the analysts were considered as not fulfilling the current needs of the customers.

##### *Scheduled analyses*

Daily morning analysis was offered to all customer segments and produced by the analyst team working in weekly shifts. This service had a stabilized concept and also track

record of good performance. All customer segments rated it at least on some level as the strengths of OPMA, some more and some less. It was considered the strongest service and the most valuable to the shorter term trading. Their only concern was for inconsistency in the forecast message continuation between the analyst shifts.

The mid-term customer segments did not see enough value with morning analysis to participate actively. Their interest towards the forward markets was not served enough and they considered receiving the same information from some externally provided daily reports in a more convenient way. All customers requested more view taking from the analysts instead of purely information sharing.

The weekly follow-up meeting for analysis performance and development ideas has something to develop further. Only the short term trading, however, considered it important; other customer groups were not elevating this service, although the customers provided feedback on other occasions that they would like to receive more performance reporting for benchmarking of analysis forecasting accuracy and uncertainties around it.

The weather analysis was seen as an important service. Good characteristics were that it collected the analysis and forecasts in one place and was easily available without the need to look from different sources. For improvement, more in-depth own view was requested for weather analysis.

Observations of the scheduled analyses revealed that most of the issues raised by the customers were indeed relevant. The analysts were maybe rushing too much through the results and interaction was missing between the analysts and customers. The customers were not active either, even though they were having mini-discussions with other customers about the quality of analysis and the results of forecasts. The analysts stressed that any feedback would help them to concentrate their analysis on the needed questions and help to provide more insight into it. As a conclusion, the feedback culture seemed to have potential for further development.

### *Forecasts*

Presently, OPMA is providing several forecasts to multiple customers groups. This creates challenges to OPMA to concentrate on each of those with the required intensity.

Power price related forecasts, for example, can be divided into certain groups based on their risk focus and time horizon under investigation. This is illustrated in Figure 5 below.

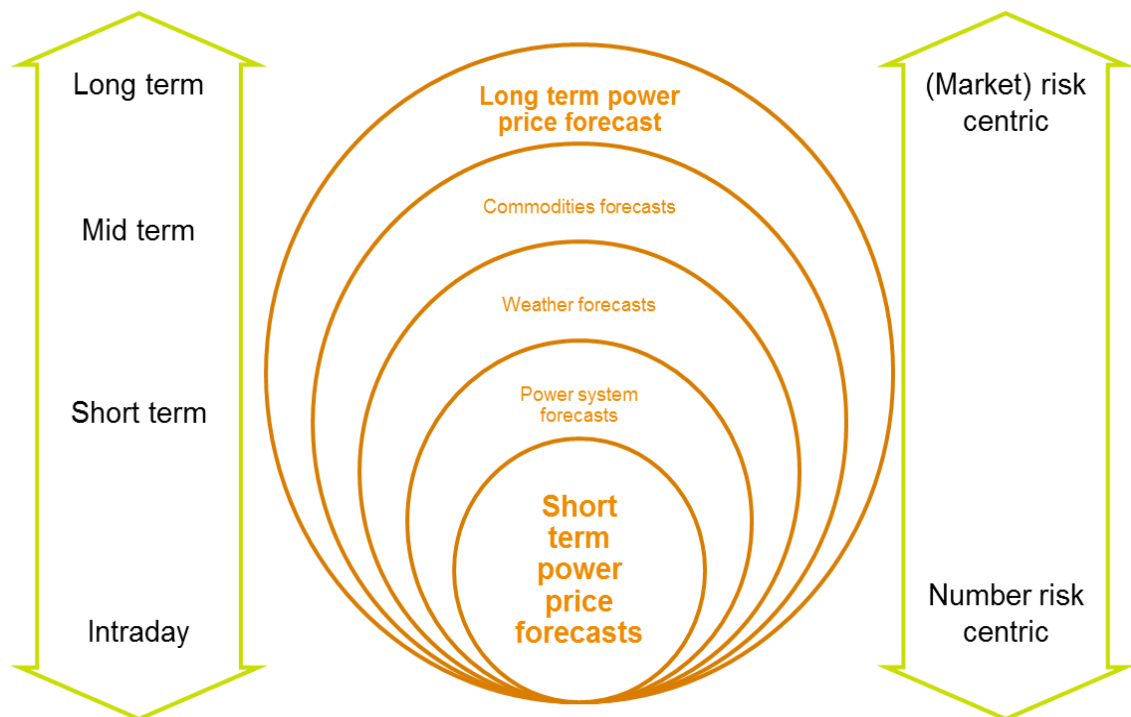


Figure 5. Power price related forecasts with centricities to time and risk.

As seen in Figure 5, the emphasis of time accuracy and risk centricity differ greatly between different types of analysis and forecasting. The key strength in forecast offering was seen in *short-term forecast* and how that process was build up and performed by OPMA analysts. The short term and intra-day customer groups had a continuous need to add new product features to the forecast and analysis reports in the process.

*The weather update* was one of the most important forecasts and the most widely offered service to all customer groups. It was considered as a good collection of relevant weather related information in one place which, if not processed in such a manner, would mean a considerable effort for the individuals in need of such information. On the contrary, there was one common concern in the shorter term customer groups that OPMA was not adding its own internal view to the received weather forecasts but instead was just presenting information.

The mid-term price forecast is considered as an important offering from OPMA by all except intra-day trading customer group. The greatest concern for the forecast offering from the customers was shown for the midterm price forecast and commodity prices

forecasts. The challenges included: difficulties to connect the short-term and mid-term forecasts together, deviations for the market prices, inadequate transparency of benchmark performance follow-up for the customers, the current forecast model infeasibility and inability to from OPMA to provide a reasoned own view for mid-term forecasts.

The commodity price forecasts are not provided by OPMA but by another analyst team. Consequently, co-operation between these teams may have something to improve because now it was seen to impact the OPMA mid-term forecasting results in a negative way.

Finally, the intra-day trading customer group was separate and newer than the other customer segments and it had multiple development activities for analysis. These development activities were related typically to product features with the need to visualize information and automate forecasting to provide a more continuous flow of information.

### *Analyses*

The need for case analysis was expressed by the short-term and mid-term customer groups as one of the most valuable service offerings out of all the analyses provided. However, there were also concerns for these analyses as for the too low activity and even the availability of it for the customers. Proactive behavior with case analyses was seen to improve analysis performance as it showed the analysts' concentration on the topic and customer targets. To compare, the other provided analyses were considered as secondary or used by only a single customer segment. The new needs for analyses were also expressed in relation to the intra-day market follow-up and forward analysis. To conclude, these findings may indicate the need to re-evaluate service offering profitability and possibly adjust and lean it, if confirmed.

### *Market Outlooks and Information Service*

The monthly market outlook product was considered relevant for the mid-term customer segment. However, the outlook may have less of importance to the customer segment than what OPMA emphasized. The analysts considered it as adding significant work load but the customers expressed some need for the product. Otherwise, there were not relevant concerns for the service offering in this group.

Out of the information services provided by OPMA, the external benchmark forecast was considered important for the customers and used actively. This forecast was a valuable source to benchmarking between different forecasts and enabled the customers to evaluate decision making from various perspectives. The analysts were advised to concentrate more attention on explaining the differences between the forecasts and reason their own views more.

#### 4.6 Key Resources

The key resources to enable the service delivery were identified as people, models, data and IT. The importance of the people and models as the key resources varied based on the time horizon for analyses. The people, meaning the analysts, were considered to have greater value for the service delivery in the mid-term time horizon, whereas the models were seen as the key enablers to create short term analyses. Correctness and access to the timely data was considered relevant in all time horizons. IT was considered as the key resource to provide the service.

The analysts had the key strengths in modeling and engineering skills which are unique to the company and a result of significant development effort. When these skills were combined with the experience and company internal network, it was considered to provide a unique set of resources which were difficult to imitate by competitors. The management also emphasized the need to have better networks to the external environment. The analysts were lacking economic skills which would enable them to be more market driven. Additionally, more emphasis on clear communication and soft skills were considered as an additional development area. Even though the analysts had these skills, there was variance in their level, which showed in the customer survey results when the individual analyst performance was evaluated.

More weaknesses for the key resources were noticed in the in-house analysis tools which were old and not considerable easy to maintain and change. This may be due to several persons developing these tools over the time period and their lack of IT skills to concentrate on creating a robust IT architecture. As there is a great need for market data to enable analysis, stability of data platform was considered an issue which significantly hindered performance of analysis. It was considered to take time from the analyst work

since information was not immediately available or the systems were too slow. As a result, the quality issues with data led to deviations in the trust for information and created frustration for the analysts to deliver their work.

#### 4.7 Key Activities

The key activities consist of the processes and practices which make the customer value proposition repeatable and scalable. The analysts and management particularly stressed the importance of the short term analysis service as one of the key activities. This was seen as a unique combination of activities which, when together, created the repetitive and scalable practices for performance. The performance of these activities was considered to be on a good level. There were some concerns for the process efficiency as more steps were included over the time and granularity of the outcomes was scaled on a more detailed level.

The HR processes of developing the people and rewarding and compensation were considered to have challenges. The analysts expressed the need for rotation of competencies to maintain the interest to work and not remain in the same position over the time. There were seen siloes for knowledge about different models, tools and system competencies also due to the rotation issue. Another issue related to more a robust rotation process in place was to secure enough competent persons for the key activities.

Development process for the service changes was considered as the key activity, and a more simple IT structure was specifically requested. Simplicity would enable faster changes to the existing tools and data. Continuous change in the landscape of analysis was pointed to as one particular driver in the development. This also had close relationship to how management wanted to see Market Analysis as an organization to develop further. The organization was considered as the one based on meetings, even though its customers and market environment were more event based.

#### 4.8 Summary of Strengths and Weaknesses in the Current CVP

The summary of the current state analysis for customer segment CS1 is presented in Table 8 below.

Table 8. The summary of the current state analysis for the customer segment CS1.

Customer Segment	CS 1
<b>Strenghts (+)</b>	<ul style="list-style-type: none"> <li>•</li> <li>•</li> <li>•</li> <li>•</li> <li>•</li> <li>•</li> <li>•</li> </ul>
<b>Weaknesses (-)</b>	<ul style="list-style-type: none"> <li>•</li> <li>•</li> <li>•</li> <li>•</li> <li>•</li> <li>•</li> <li>•</li> <li>•</li> </ul>

As seen from Table 8, there are several strengths in the current service offering and delivery which can enable the improved performance for OPMA. Especially the capabilities to model power systems and a wide experience in analysts create the needed foundation to further improve the services. There are also certain areas where the active and customer-oriented style of analysis is provided which can challenge the customers with the analysts' own views.

However, the list of concerns in Table 8 is also long. Especially the worries towards the mid-term forecasts accuracy and the service delivery make an area for development. Another significant area for improvement is the development of the analysis' softer skills and communication style to create more trusted co-operation with customers. Lastly, the new customer needs for automation and the new customer segments are needed to be considered and incorporated into the improved service offering.



## 5 Building the Improved Service Offering

This section describes the building of improved service offering for OPMA. The section starts with explanation of outcomes. After that, building steps as theme sessions are described. This section finalizes into summary of improved service offering and recommendations.

### 5.1 Parts of the Improved Service Offering

There are the two main parts included into the outcome of the improved service offering. These are the actual service offering and the recommendations for implementation and further service experience improvement. The combination of these two defines the outcome of the thesis. The actual building of the improved service offering was completed by utilizing the theme sessions with the management, the customers and the analysts.

As the current state analysis phase revealed, the service offering of OPMA was unclear for the customers and there was no actually organized and categorized service offering defined for OPMA before. The initial service offering was a collection of different definitions of services and products developed over the time. The descriptions of the service offering were available in different formats and multiple locations. The initial summary of the service offering was formed from these descriptions in the beginning of the current state analysis. This provided guidance for the interviews and analyzing the supplier and customers understanding of the service offering. It also provided an initial view for building the improved service offering for OPMA. Once the current state analysis was completed, the initial service offering was taken as a starting point for building the improved service offering. The building process followed the steps defined for the research design phase “Improved MA CVP creation”. These steps are illustrated in Figure 6 below.

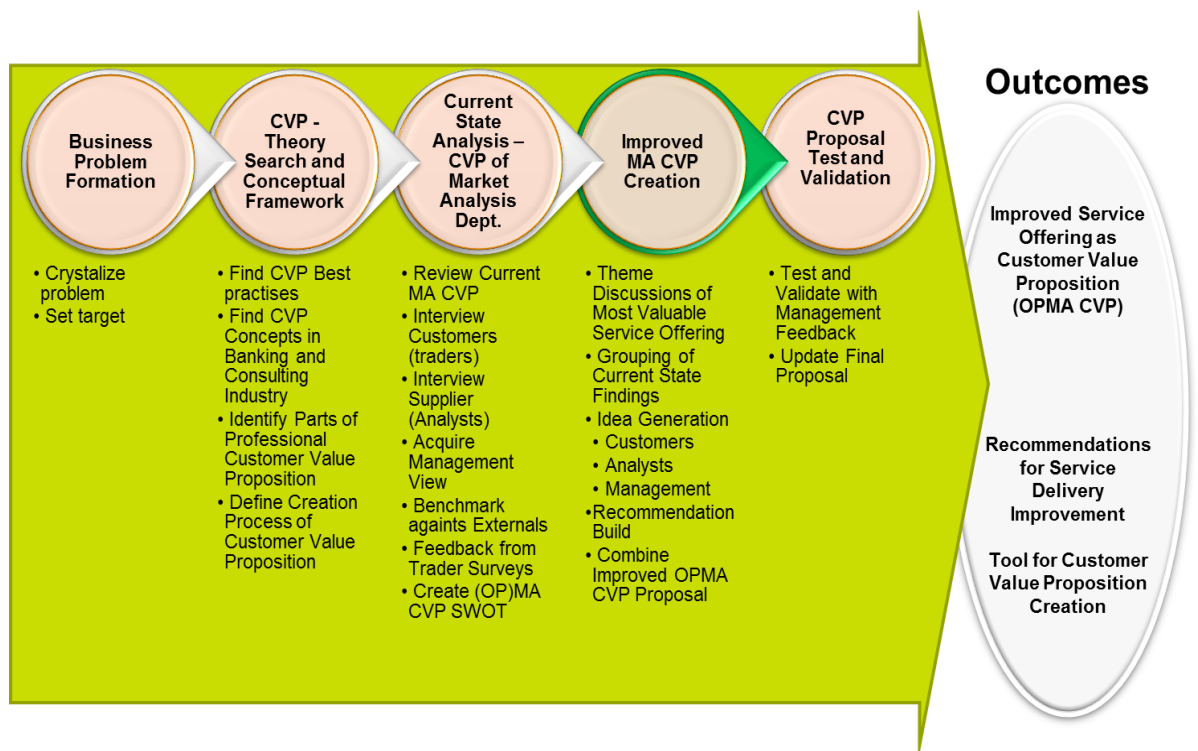


Figure 6. Research Design – Phase: Improved OPMA CVP creation

As seen from Figure 6, the phase “Improved MA CVP Creation” included two main steps. These are the *theme discussions* of the most valuable service offering and the *recommendation build*. The *theme discussions* concentrated on building the improved service offering by identifying the most and least valuable service offering by customer segment in the theme discussions. The *recommendation build* analyzed and grouped the current state findings to the service experience elements, generated ideas for service improvement from the theme sessions and from the best practice, and built the recommendations for improvements for each service experience element. Finally, the phase “Improved MA CVP Creation” was finalized by combining the improved service offering and the recommendations into the improved OPMA customer proposition proposal.

#### *Concept of the Service Offering Matrix*

The first part in building the improved service offering was the development of the Service offering matrix. To develop the Service offering matrix, the results from the theme sessions and the initial service offering were brought together. The resulting Service offering matrix was meant to illustrate and communicate the new and improved service offering. The concept of the Service offering matrix is presented in Figure 7 below.

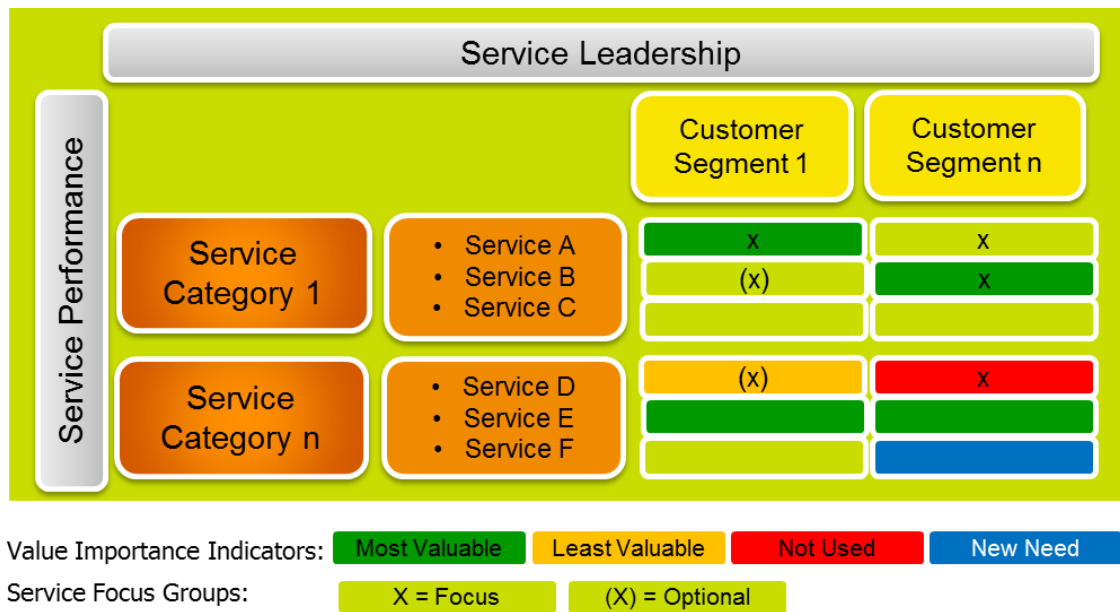


Figure 7. Concept of the improved service offering matrix.

The concept of the service offering matrix, presented in Figure 7, is developed from the best practice of Anderson & Narus (2004) to visualize the service offering by showing the base product and complementary product. Instead of illustrating the service features provided to each customer segment, the created matrix presents the most and least valuable service offering by segment.

The matrix has several features. First, matrix helps to organize services and products (*Service*) into meaningful categories (*Service Categories*) which can hold similar type of services or services with applicable logic arranged. Second, all customers (*Customer Segment*) are presented in the same matrix. This allows OPMA to identify relevant customer groups with their needs and respond to possible changes. Third, the most valuable parts of matrix may be the *value importance indicators* and *service focus groups*.

The value importance indicator expresses the customer view point on a particular service importance according to their own business needs. Additionally, it holds information about the least valuable service, the service which are not used at, all and possible new needs indicated by the customer.

The service focus groups illustrate service targeting meant by OPMA as service provider in two ways. When the customer belongs to a focus group of the particular service, it means that the service features and performance is optimized for that customer. The same service can be served to the other customers as optional focus. This is due to the

fact that some service may have value for non-focus customers as well, but as they are in the optional group, the service features and performance is not optimized for them. Fourth, the two common service quality areas, *service leadership* and *performance follow-up*, are visualized around the matrix. These remind about the service performance actions and customer relationship management which are needed to manage over the whole service delivery. Next, the research steps to form the improved service offering are discussed in detail in the following sub-sections.

## 5.2 Theme Discussions

Several theme sessions were organized to build and verify the improved service offering. The sessions were arranged mainly with the management of OPMA and the customers, but also with the analysts in the finalizing phase of the process. The theme sessions are presented in Table 9 below.

Table 9. Topics and participants in the service offering theme sessions.

Theme Session #	Theme(s) of the Sessions	Participants
Management 1	<ul style="list-style-type: none"> <li>Service categories and offerings</li> </ul>	<ul style="list-style-type: none"> <li>MA management</li> </ul>
Customer 1	<ul style="list-style-type: none"> <li>Service offering importance and service improvements</li> </ul>	<ul style="list-style-type: none"> <li>Portfolio managers</li> </ul>
Customer 2	<ul style="list-style-type: none"> <li><i>Same as previous</i></li> </ul>	<ul style="list-style-type: none"> <li>Portfolio managers</li> </ul>
Customer 3	<ul style="list-style-type: none"> <li><i>Same as previous</i></li> </ul>	<ul style="list-style-type: none"> <li>Portfolio managers</li> </ul>
Management 2	<ul style="list-style-type: none"> <li>Service offering adjustment from customer feedback</li> </ul>	<ul style="list-style-type: none"> <li>MA management</li> </ul>
Analysts 1	<ul style="list-style-type: none"> <li>Service offering comments and buy-in, service improvements</li> </ul>	<ul style="list-style-type: none"> <li>Analysts</li> </ul>

As shown in Table 9, the theme sessions consisted of six separate sessions. The management contributed to the service categories and offerings in the beginning. This was followed by a set of customer theme sessions, which concentrated on the service importance and improvements. The customer theme sessions led to the second management theme session. These sessions focused on the offering adjustments based on the customer feedback. The analysts were involved in one session to comment and discuss

of the offering and improvements. Next, each of the theme sessions are described and discussed in the following sub-sections.

### *Theme Session - Management 1*

The first supplier session focused on identifying the key services categories and the offering bundles from the supplier perspective. The service categories generally remained as in initial service offering because those were considered logical groups for offering. The changes were introduced to continuously happening analysts' sessions which earlier were called "Meetings". Those services were introduced in the new offering as "Scheduled Analyses". This was more descriptive expression to the offering. Service category "Direct Contacts" was also re-introduced as "Direct Consultancy" to better describe the nature of offering as advisory service.

The offering bundles were scrutinized in two ways. First, the offering bundles for the forecasts were cleaned to include only final customer product which was the forecast outcome and not presenting underlying sub-forecasts as service offering. This change was influenced by analyzing that the service offering in that particular category was wide and difficult to communicate to the customers. Additionally, when the customers utilized the main forecast product, they also needed to use all the related sub-forecasts. Second, all the offering naming were checked to be more descriptive and capturing the essence of value to customer. Some changes were made to further unify the naming.

The customer sub-segments were concluded to be as defined earlier with the time-based segmentation. That segmentation was seen to distinct separate customer groups in a proper way. The segments were also in line with the customer business processes, OPMA team structures, responsibilities and systems. There was not seen necessity to change the segmentation.

Mapping of the customer offering to the customer segments was updated according to the new offering with fewer products. In the same mapping exercise, both the focus and optional groups for the offering were introduced. In the matrix, when the customer was included to the focus group of the offering, it illustrated that the offering features and delivery were adjusted mainly for them. The optional group demonstrated that the offering is served to those customers too, but the offering may not be fine-tuned for their purposes.

As the outcome, the service offering with the pruned service categories and identified customer segments was created. Additionally, with the focus groups identified, this summary served as an input to the customer theme sessions.

#### *Theme Sessions - Customer 1, 2 and 3*

After Supplier theme session 1, the customer's feedback was requested for two main themes. These themes were the verification of the service offering importance and the ideation of the service improvements. The latter served as an input to the recommendation outcome of this study. Three separate theme sessions were organized for the customers with the same agenda as not all the customers were not possible to meet at the same time.

The customers were asked to provide their comments and confirmation to the previously updated service offering. The customers needed to indicate from their perspective the most and least valuable offering, the not used offering, and the possible new needs which may not have been noticed earlier in the current state analysis. Based on the results from the current state analysis, there were pre-indications in the theme session material of the most valued offerings. This helped the customers to focus on those without needing to start their commenting in the session from the blank initial offering. This session provided a good overview of both the most important service offerings to each customer and a view of the most widely used services. The customers also looked at the focus groups. None of the focus group markings were removed but instead some areas received more markings. For example, the customers ranked the weather analyses as more broadly needed and more important than it was expected initially. Also the mid-term forecast offering focus was required to expand to cover also the short term customers.

Additionally, the customers were asked to review the reported strengths and weaknesses by the customer segment from the current state analysis. The purpose was to collect further customer ideas to improve the service offering. These customer reflections were later used to build the recommendations for the service experience improvements. The ideation was arranged as a shared round table discussion and ideation. The customers commented on some of the strengths and weaknesses by requiring either to move more strengths to weaknesses or remove some strengths at all. It was possible, however, to recognize some bias behind some of their motivations. Therefore not all of the customer

comments were accepted in their initial form, but they were later discussed and evaluated against the whole study. The main ideas concentrated on the improvements for the mid-term forecast and input data to that forecasting process. Additionally, suggestions for a more systematic statistical follow-up reporting on the forecast accuracy were highlighted. Last, the customers proposed some options for the development of priority and communication of the achievements.

Finally, the customers were presented with the map of strengths and weaknesses to the service offering. The target was to collect the customer reflection and evaluate if the correct areas in the service offering were highlighted. As there were small groups of interviews made within each sub-segment, some areas may have become over or underemphasized. As a result of this task, the importance of fuel forecasting in the service offering was raised. This was accompanied with the requirements for the mid-term forecast to include more focus on the market price levels and averages instead of individual prices.

As a summary, the three customer theme sessions reported the importance of the service offering to each customer segment and provided several suggestions for the service experience improvement.

#### *Theme Session - Management 2*

The second management theme session focused on reviewing and adjusting the service offering based on the customer feedback for the importance. The backgrounds and motivations for the importances indicated by the customers were clarified for the management. Additionally, the new customer needs were introduced and discussed with the management. As a decision, the new needs were taken to the service offering but indicated separately as those needed further definitions and discussions with the customers.

Another topic for the theme session was to discuss and decide how to integrate more generic findings from the current state analysis to the improved service offering. The main subjects were the *performance follow-up* and *service leadership*. The performance follow-up included reporting to the customers on the service offering performance and the internal OPMA service quality reporting. The conclusions from the discussion were that the performance follow-up was added as a general exercise to cover all the service offering parts because each of them has influence to the customers. Additionally, this way the performance follow-up was able to provide feedback to customers both on the

quality features of the service offering and the overall service experience level. There was noticed the need for further development of the content of the customer follow-up sessions which earlier had not been enough popular. Last, the service leadership was added to the service offering to indicate the management involvement to the customers and to provide a channel to manage the service relationship with the customer segments and communicate the service priorities. This may results in a more structured discussion on the annual level of the customer expectations, the OPMA capabilities and the common targets for the future.

The main results of the second management theme session were the collection of the management views on the improved service offering which was formulated based on the customers' feedback. This session provided the possibilities to finalize the main parts of the improved service offering.

#### *Theme Session - Analysts 1*

Once the improved service offering was updated, it was also introduced further to the analysts. The main topic was to get buy-in from the analysts to commit to the new offering, provide feedback to the new focus areas and the current performance with the service experience. The session was also capturing the analysts' ideas for the actual implementation of the improved service offering.

To summarize, the session provided the following main outcomes. First, it concentrated on the discussion how the analysts can improve the service delivery, more specifically the communication of analyst messages. This provided ideas for recommendations which could help the analysts to better utilize their soft skills and involve customers to a more proactive dialogue with them. Another conclusion was that there is continuous work needed from the analysts to build and maintain the reputation and trust for the analyst messages. This conclusion provided feedback to develop recommendations further.

### 5.3 Service Offering for OPMA as Customer Value Proposition

The improved service offering for OPMA was implemented into the service offering matrix using the logic which was described in the previous sections. The updated service offering is introduced in Table 10 below.



Table 10. The improved service offering indicating importance by the customer segment.

Service leadership									
Services category		Offering							
Direct Consultancy	-	x	x	x		x	x	x	x
	-	x	x	x		x	x	x	x
Scheduled analyses	-	x	x	x	(x)	(x)	x	x	x
	-	x	x	x			x	x	
	-	x	x	x					
	-	x	x	x					
Forecasts	-	x	x	x	x	x	x	x	x
	-								
	-								
	-	x	x	x	x	x	x	x	x
	-	x	x	x	x	x	x	x	x
	-	x	x	x	(x)				
	-	x	x	x					
	-	x	x	x					
	-	x	x	x					
	-	x	x	x					
Analyses	-								
	-								
	-								
	-								
	-								
	-								
	-	x	x						
	-								
	-								
	-								
Market Outlooks	-								
	-	x	x						
	-	x	x						
	-								
Information Services	-	x	x	x	x	x	x	x	x
	-								
	-	x	x						
	-	x	x						
Performance and quality follow-up + reporting to customer									

As illustrated in Table 10, the service categories and services are re-organized, re-named and scrutinized with theme sessions results. On the left side of the matrix, there are service categories and underlying service offering groups. Each significant customer segment is marked in the columns on top of the matrix.

The matrix is further re-arranged by the importance of offering to the customers. The importance has two meanings here. First, there is the importance in terms of how widely the same service is shared by multiple customer segments. The most widely shared offering in the service category is placed on top of the matrix. This is the horizontal axis of the matrix. Second, the importance of certain offering to certain the customer segment is highlighted and presented in order preceding the other service offering. This is the vertical axis of the matrix. The most widely shared and the most important service offerings are visualized in *green* color. Further on, the same service can be the most important to one customer segment and, at the same time, the least important to another. The least importance is presented with *yellow* color in the matrix. Last, the remaining service offerings and the new needs from the customers are listed at the bottom of each service category. The new needs are marked with *blue color* and the remaining service offerings are un-marked.

To conclude, the main results as compared to the previous service offering include the updated focuses of the service offering to the customer needs, clearer indication of the customer segments to be served, cleaning and combination of services and re-naming the service categories for better communication. OPMA also has easier ways to identify how wide (*horizontal axis*) and deep (*vertical axis*) the customer needs are.

#### 5.4 Recommendations for Service Experience and Quality Improvement

Building the recommendations started by analyzing the strengths and weaknesses of the current state analysis in more depth. The important task was to categorize the findings to the *service experience elements*. As Grönroos (2008) defined, a service offering in S-D logic includes service, products and interactions. Therefore, the two natural elements of service experience are *product features* and *interactions*. The third service experience element was presented to gather the findings which refused to fall naturally into either of the previous elements. This was introduced as *service leadership* element to express the overall issues of service relationship with the customer and service performance to the management. The service leadership element has a connection to “Strategy and

environment” CVP building block as it includes the strategic management of the customer relationship, priorities and service performance.

The categorization task for the *service experience elements* was performed in the following manner. First, out of all the strengths and weaknesses, the findings related to the *product features* were identified. The product features were considered the easiest to identify as they usually have some tangible feature which was and was not performing well. Examples of such features were the missing data from reports or the frequency to update certain forecasts. Second, once the product features were identified, the *interactions* related findings were recognized. This required far more work because interaction by definition is more abstract than product features. The initial suggestions were prepared by the researcher and they were tested over the theme sessions. The interaction service experience element hold three quality elements: *Customer and business understanding*, *Communication activity* and *Recommendation clarity*. These elements relate to Nekrassova's (2010) definition of the features of the good analyst. These sub-quality elements helped to further identify which findings belong to the interaction service experience element. Third, the findings which were indicated as not belonging to either of the earlier mentioned service experience elements where allocated to the *service leadership* in the service experience element.

Once all the findings were allocated to a certain element, a consistency check was performed over the all elements, and some last minor adjustments were completed. The same task was performed for both strengths and weaknesses identified in the current state analysis. The detailed categorizations of the findings to the service experience element groups are presented in Appendix 5 and Appendix 6. The summarized key findings for each service experience element are presented in Table 11 below.

Table 11. The key strengths and weaknesses by service experience element.

Customer Segment	CS 1
<b>Strenghts (+)</b> <ul style="list-style-type: none"> <li>•</li> <li>•</li> <li>•</li> </ul>	
<b>Weaknesses (-)</b> <ul style="list-style-type: none"> <li>•</li> <li>•</li> <li>•</li> </ul>	

As Table 11 shows, OPMA can be proud of their services with modeling skills, eagerness to develop and certain well-established and well-functioning analysis. To develop the service offering and experience further, there seems to be potential as the required competencies mostly exist and the diversity of knowledge is in place. On the other hand, it is possible to recognize that the interaction related issues were the biggest of categories to either *enable* (strengths) or *disable* (weaknesses) the service value experience. This categorization enabled to recognize what type of concerns there are in the service offering in each customer segment and how much those are commonly shared between the customers. It also helped to consider the recommendations for the service improvement as the findings were allocated under certain service experience elements. Further, ideation and confirmation with the management and customers was easier to arrange and more productive for recommendation creation.

### Sources of Input for Recommendations

The formulation of recommendations for OPMA service improvement was influenced by several sources. The main sources of input for recommendations are illustrated in Figure 8 below.

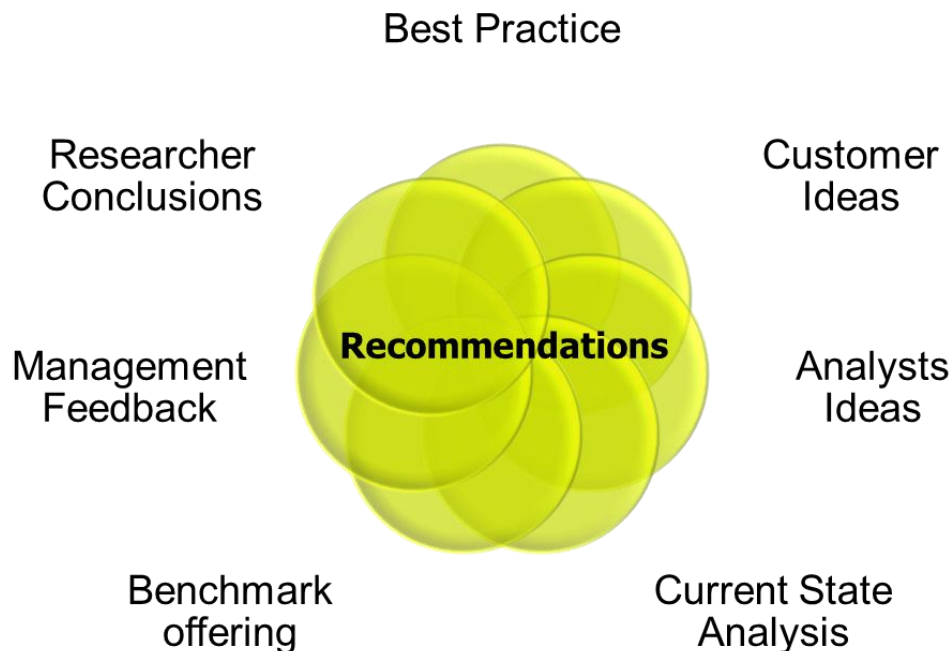


Figure 8. Sources of input for OPMA service improvement recommendations.

As can be seen from Figure 8, there are several sources of inputs for the recommendations of the service experience improvements. The first obvious source of inputs was the *current state analysis*. These inputs were not any particular ideas by itself, but rather offered raw data to generate the recommendations from. This was also the main source of data to consider the recommendations. Another relevant source of ideas, which provided even direct recommendations, was the pool of ideas from the *customers* and *analysts*. Both groups were eager to give ideas and suggestions how to improve the service experience and offering. This was in line with the proposal from (Manning & Bodine, 2012) who suggested seeking deeper insights and ideas from the customers but also from the employees of the company who work in touch points with the customers. *Best practice* provided ideas, especially for interaction and improvements of advices accuracy and acceptance. *Management feedback* was vital to understand the real life capabilities of the organization and adjust the recommendations to the possible business context. One source of ideas for recommendations was to seek understanding of *benchmark offering* and learnings from the external sources. This is maybe not always be obvious and

consistent in the case company and therefore could be neglected. The learning from external sources can be possible to implement at least in two different ways. One can review directly the offerings available externally but also discuss with the employees who have previously worked in other companies and can provide ideas. The last source of ideas was the *researcher's conclusions* from all the previous material and silent information which the study may not show directly in the field notes but which was discussed on some occasions during the current state analysis. All these sources in combination created the input for the recommendations. The actual recommendations are suggested and discussed in the following sections based on the category of their service experience element.

#### *Recommendations for Product Features Service Experience Improvement*

The recommendations for the service experience improvements related to the Product Features are presented in Table 12 below.

Table 12. The recommendations for Product Features service experience element improvement.

<b>Strengths (+):</b> <b>Weaknesses (-):</b>		
Service Experience	Quality Element	Recommendation
<b>Product features</b>	<input type="checkbox"/> <b>Characteristics</b>	•
		•
		•
		•
		•

Table 12 shows how the recommendations are structured in general. On top of the table are presented findings from the current state analysis which relate to the particular ser-

vice experience element and recommendations. Below the current state analysis findings are the columns for the service experience, related quality element and the actual recommendations. First, the service experience column informs which service experience element is in question. Second, the quality element column defines the sub-category for service experience element. Depending on the service experience element, there can be one or several quality elements. Last, the recommendation column describes all the recommendations suggested for the particular service experience element.

Further on, the Table 12 presents the recommendations for product features service experience element. In the OPMA service offering, most of the concerns related to the mid-term forecast accuracy and automation and visualization of intraday and short-term trading analysis outcomes and graphs. Therefore, the recommendations relate to the improvement of the mid-term forecast for more market driven approach, as well as more involvement of the fuel analysis team as their input has significant impact on the forecast result. The intraday customers were concerned about the speed of analysis updates and thus, the recommendations relate to the automatization of the process even further to increase the frequency and forecast response to the changing market or power system conditions.

#### *Recommendations for Interaction Service Experience Improvement*

The largest group of recommendations was related to the Interaction service experience element. These recommendations are presented in following Table 13.

Table 13. The recommendations for Interaction service experience element improvement.

<b>Strenghts (+):</b>  <b>Weaknesses (-):</b> 		
Service Experience	Quality Element	Recommendation
Interaction	<input type="checkbox"/> Customer and Business understanding	<ul style="list-style-type: none"> <li>•</li> <li>•</li> <li>•</li> <li>•</li> </ul>
	<input type="checkbox"/> Communication activity	<ul style="list-style-type: none"> <li>•</li> <li>•</li> <li>•</li> </ul>
	<input type="checkbox"/> Recommendation clarity	<ul style="list-style-type: none"> <li>•</li> <li>•</li> <li>•</li> <li>•</li> <li>•</li> </ul>

As seen from Table 13, the interactions service experience element has several sub-quality elements and each of them have their own recommendations. The main recommendations for *Customer and Business understanding* quality element were to increase the short term analysts understanding of the customer's planning process for production allocation and planning. This is due to the fact that the analysis input has considerable effect on the customer planning process and it would ease the dialogue if the analysts are more aware how their forecasts impact on the customers' planning, and which of the forecast elements are the most relevant to this process. For the mid-term analysts, the recommendation was to raise the understanding of forward markets in order to learn more dynamic adjustment of forecasting and find the common language with the portfolio managers and the traders.

For *Communication activity* quality element, the main recommendations were to build collaboration network which would hold features for activating dialogue between the analyst and trader, narrow the distance to the analysts, and enable faster response to re-



quests or market signals. Additionally, the network as a platform could store and centralize information of the case analysis and serve as a tool to measure the analysts' activity for providing views and improve visibility to the track record of each analyst performance.

Finally, as many of the customers were requesting the analysts to take stronger own views, *recommendation clarity* Quality element has several recommendations. All of the recommendations are related to how to build more trust for the analysis and more specifically what are the ways to increase the capabilities of the analysts in convincing argumentation.

#### *Recommendations for Service Leadership Service Experience Improvement*

The main suggestions for the recommendations for Service Leadership service experience element are shown in Table 14 below.

Table 14. Recommendations for Service Leadership service experience element improvement.

<b>Strengths (+):</b>		
<b>Weaknesses (-):</b>		
Service Experience	Quality Element	Recommendation
Service Leadership	□ Leadership	<ul style="list-style-type: none"> <li>•</li> <li>•</li> <li>•</li> <li>•</li> <li>•</li> <li>•</li> <li>•</li> </ul>

As seen from Table 14, the *Service leadership* service experience element has only one quality element, Leadership. The recommendations are related to the overall service management. It happened because the most important recommendations are proposed

for management actions to balance the customers' expectations and frustrations for the analysis services priorities and increase the development transparency. The management is recommended to communicate more actively the service balance over the main segments CS1, CS2 and CS3, but also inside customer segment CS1. This is because not all the customers neither seem to understand the current priorities nor they discuss enough internally as customers. There is also a recommendation to arrange an annual service review where the customers' expectations are heard and commonly agreed which the service levels customers want and OPMA is able to provide. Last, the development transparency could be achieved with the utilization of common development backlog visualization across the customer segments and more continuous, but shorter, dialogue on the development-in-progress and OPMA development achievements.

### 5.5 Summary of the Improved Service Offering for OPMA

Summing up the improved service offering for OPMA discussed in Section 5, there were two parts identified which, when taken together, form the *improved customer value proposition*.

First, it consists of *the newly organized service offering* which is structured by the customer segments. In the newly organized service offering, organized in a matrix, the most valuable service offerings to the customers and intended focus groups by OPMA for the service offering are matched. This should further improve as OPMA has now a clearer view of the services importance to the customers.

Second, several *recommendations* to improve the service experience were identified to the key service experience elements. These service experience elements include *Product features*, *Interaction* and *Service Leadership*. The recommendations to *product features* could help to improve the core product features and performance, which in OPMA's case are the forecasts and analyses. The recommendations for the *interaction* service experience element can be said to be the most central and vital for the OPMA services. As a service, OPMA provides advice giving which includes communication with the customer in a convincing and trustful manner. Last, the recommendations to *service leadership* element are essential in order to successfully manage and steer the service delivery towards the customers and manage expectations from the different customer segments.

## 6 Feedback to Outcomes of the Study

This section presents the results from the feedback to the proposal of the improved customer value proposition for OPMA. First, the feedback arrangements and progress are presented. Second, the summary of the feedback results are discussed. Last, the section finalizes by presenting the final proposal for the improved customer value proposition for OPMA based on adjustments from the feedback.

### 6.1 Description of Feedback Arrangements

The feedback round was conducted with the OPMA management in a form of a discussion session. The proposal for the improved OPMA service offering as the customer value proposition was combined into a presentation which was delivered to the management as pre-material before the discussion session. This was hoped to help the quality of the discussion as the management had a possibility to see the material before the sessions. The presentation included the current state analysis including both the detailed and summary of the findings, the improved service offering matrix and the list of recommendations.

#### Progress of Feedback Session

In the beginning of feedback session, the management was asked to confirm the summary of the current state analysis. The summary presented the findings from customer segment CS1. Next, the session progressed to present the improved service offering. Each area of the service offering matrix was presented separately and shortly discussed to confirm its relevance and ask for possible feedback. After that, the session concentrated on the recommendations. The recommendations were presented by discussing each service experience element separately. In each of the element, all the recommendations were discussed and possible feedback was collected. Once the recommendations in every element were discussed, the received feedback was summarized before moving to the next element. Once all the service experience elements were discussed, all the feedback for the recommendations was summarized. Last, once the whole presentation and feedback gathering was finished, all the received feedback was summarized and the management was asked to confirm it and provide possible final general comments.

## 6.2 Summary of the Feedback

Final feedback to the research outcomes of the improved customer value proposition for OPMA consisted of the following comments:

For the *Current state analysis*, there were no additional comments received to the summary of the current state analysis as an input to the outcomes. The analysis results were accepted and valid.

For the *Service offering*, the management concluded that wanted outcomes were presented for the improved service offering and no further feedback was necessary to provide.

For the *Recommendations*, the following feedback and comments were suggested: 1) the first comment on the recommendations was that the Recommendations reflected the performance of OPMA in one fixed period. It was recognized that “the analysis performance is as good as the last analysis provided”. This meant that to give the absolute right answers to improve mid-term forecasting may not be possible, and mid-term forecasting success may depend also on the market situation. The discussion was summarized in the way that the recommendations should be looked into on the conceptual level and not as direct suggestions. 2) The recommendation for the role based team responsibilities was considered too large to a small team such as OPMA. The recommendation was changed to the role based responsibilities which may be considered as a model. 3) There was a discussion regarding the recommendation to develop a collaboration network. As such, it was considered a valid suggestion but too broad a term to cover several topics. As a conclusion, it was kept on the recommendations as the management wanted to visualize the importance of communication in service experience. It was also noted that this action would require a more detailed action plan, scoping and its step-wise implementation 4) In general, the listed recommendations were considered to be on the adequate abstract level to capture the essence of the needed service experience improvements. However, for further actions it is needed to think about an implementable action list. 5) The order of recommendations was re-adjusted to highlight the business priorities of recommendations. Finally, the management concluded that the recommendation list provides a good reality check of the current situation both internally and from the external perspective.

Summing up, the first outcome, *the improved service offering*, as it was initially proposed, was valid and approved of without any changes. The second outcome, the recommendations, was discussed on a detailed level. The main adjustments for the recommendations were based on the feedback and concerned the too abstract level of the recommendations and its priority requirements to allow for the correct message to be expressed.

### 6.3 Final Proposal Based on the Feedback

The proposal for the improved customer value proposition was created in Section 5 based on the best practice and the conceptual framework created earlier in Section 3 and the results of the current state analysis conducted in Section 4. This proposal was presented to the management and validated to form the final proposal of outcome. The validated and final proposal of the improved customer value proposition for OPMA as, first, the Service Offering and, second, as the Recommendations are summarized in Table 15, Table 16, Table 17 and Table 18 below.

Table 15. The improved Service Offering indicating importance's by customer segment, Final proposal.

Service leadership									
Services category		Offering							
Performance and quality follow-up + reporting to customer	Direct Consultancy	x	x	x	x	x	x	x	x
		x	x	x		x	x	x	x
		x	x	x	(x)	(x)	x	x	x
	Scheduled analyses								
		x	x	x					
		x	x	x					
	Forecasts	x	x	x	x	x	x	x	x
	Analyses	x	x	x					
Market Outlooks	x	x	x	x	x	x	x	x	
	x	x	x	x	x	x	x	x	
Information Services									
	x	x	x	x	x	x	x	x	
					</				

As seen from Table 15, the final proposal for the Service Offering is proposed without any changes. Next, the Recommendations for the service experience improvement are presented. They start with the *Interaction* service element presented in Table 16 below.

Table 16. Recommendations for Interaction service experience element improvement, final proposal.

Service Experience	Quality Element	Recommendation
Interaction	<input type="checkbox"/> Customer and Business understanding	<ul style="list-style-type: none"> <li>•</li> <li>•</li> <li>•</li> <li>•</li> </ul>
	<input type="checkbox"/> Communication activity	<ul style="list-style-type: none"> <li>•</li> <li>•</li> <li>•</li> </ul>
	<input type="checkbox"/> Recommendation clarity	<ul style="list-style-type: none"> <li>•</li> <li>•</li> <li>•</li> <li>•</li> <li>•</li> </ul>

The Recommendations for the service experience improvements related to the *Product features* are illustrated in Table 17 below.

Table 17. Recommendations for Product Features service experience element improvement, final proposal.

Service Experience	Quality Element	Recommendation
Product features	<input type="checkbox"/> Characteristics	<ul style="list-style-type: none"> <li>•</li> <li>•</li> <li>•</li> <li>•</li> <li>•</li> </ul>

Last, the recommendations for service experience improvements related to *Service leadership* are illustrated in Table 18 below.

Table 18. Recommendations for Service Leadership service experience element improvement, final proposal.

Service Experience	Quality Element	Recommendation
<b>Service Leadership</b>	<input type="checkbox"/> Leadership and Management	<ul style="list-style-type: none"> <li>•</li> <li>•</li> <li>•</li> <li>•</li> <li>•</li> <li>•</li> <li>•</li> </ul>

Summing up, the final proposal for the improved customer offering is the same as the initial proposal presented earlier in Table 10. Instead, the final proposal for the Recommendations for the service experience improvements in Product features, Interaction and Service leadership were corrected based on the management feedback. As can be seen, the corrected recommendations are mainly updated in terms of the order of recommendations. The strengths and weaknesses from current state analysis findings, which were earlier connected to the initial proposal for the recommendations, are not presented in this final version of the corrected outcome.



## 7 Discussion and Conclusions

This section presents the main results of the Thesis and proposes possible immediate next steps for putting the improved customer value proposition for OPMA into implementation. It also evaluates to objectives and outcome of the thesis.

### 7.1 Executive Summary

This study focused on developing the customer value proposition for Operative Market Analysis department (OPMA) of the case company. The business problem for the study arose from the uncertainty which analysis services provide the best information value for making individual trading decisions by OPMA's internal customers. Thus, the study concentrated on identifying the most value providing services and produced a focused CVP for OPMA. Another outcome of the study was a list of the improvement recommendations for the existing analysis and forecasting services.

Presently, the quality and outcome of the analysis and forecasting services provided by OPMA is affected by spreading the analysts' efforts into multiple information directions. Meanwhile, several operative analysis services and their combinations can provide the required information to support a considerable part of trading and other business decisions. Additionally, the demand for different analyses from the customers exceeds the current possibilities of OPMA to meet all the needs. Since analysts are not capable to expand the current offering to each individual customer, they are not serving all existing needs. Thus, it became essential to understand what analyses provide the most and least value for the customers, how they can be grouped, and how the service delivery can be further improved.

The study was conducted in several steps. The first step was to investigate the best practice of CVP and build the customer value proposition for OPMA from the identified building blocks. The second step was to conduct the current state analysis of the current service offering and service experience. This step concentrated on recognizing the strengths and weaknesses of the current service offering and experience for each of the key customer segment. The findings were also analyzed to identify potential improvements in the current service experience and service delivery. The interviews with the customers, the analysts and the management provided the main data source for this analysis. This core data was supported by several other data sources.

The third step was to build the improved service offering for OPMA and recommendations for the service experience improvements. These two outcomes created the final outcome of the thesis, the customer value proposition (CVP) for OPMA. The improved service offering was based on the findings from the current state analysis which identified the existing most and least valuable offerings. The recommendations were based on the customers' and analysts' suggestions for improvement, as well as, the researcher's own conclusions based on the available data and best practice.

As the result, the study contributed to the OPMA customer value improvement in several ways. First, OPMA identified its most important services to customers and gained customers insights of the current service experience of the offering. Second, the offering with the lowest value was recognized as well as the new needs from customers. Third, the study reminded OPMA to consider services in broader scope than just as delivery for the products. The vital part of the service experience in OPMA is created by the style of advice giving and the interaction with the customer, meaning that the way in which the actual product outcome is communicated to the customer should be trustful and convincing. Fourth, OPMA may become more aware which customer groups they need to serve and how their customer needs differ from each other. Fifth, the study was able to identify the main challenges and special features in the current service offering. For example, the mid-term forecasting needed further improvement in the approach to serve the customers and also required better collaboration with the other analysis team. The intraday and short-term customers concentrate on the system based risks in the analysis, whereas the other customers look for more market risk based analysis. This should help OPMA to recognize how to approach certain groups of customers with the proper offering. Another important notice of the service offering was the broad need for more weather forecasting in all the customer segments. Finally, the study clarified and described the process of improving the OPMA customer value proposition. This may be used by OPMA for continuous and repeatable service improvement in the future. Thus, OPMA could use the knowledge gained from this study to improve its overall customer value creation.

This study addressed the uncertainties of which OPMA analysis services were providing the best customer value for customers in each user group. Additionally, its emphasis were to investigate the preferred ways to receive the services from the analysts for each customer group. As the more general outcome, OPMA could now have better opportunity to leverage information from the study to improve its existing service experience. The

outcomes of the study may be translated into detailed action plan with the concrete actions to implement the identified improvements. The possible immediate next steps are discussed in the following section.

## 7.2 Next Steps

This study was conducted to investigate the challenges in the current OPMA service offering and service experience. The outcome of the study was the improved services offering and the recommendations for service experience improvements. Whenever OPMA may consider taking the improved services offering into use and follow the suggested recommendations, the next practical steps may help and provide suitable assistance to realize action taking.

- 1) Due to time limitations during the study, fairly brief discussions with the management were possible to arrange. There should be arranged more detailed discussions within the management of the Market Analysis department and OPMA to introduce the improved service offering and recommendations in order to ensure correct priorities and resource reservations.
- 2) As the most and least valuable service offering is identified with their current performance, OPMA should engage itself into a follow-up discussion with each customer segment separately to specify the detailed actions and find commitment needed from each party.
- 3) The mid-term forecasting was considered to hold the most potential for improvement and the greatest customer value potential. OPMA should consider allocating extra effort to a detailed planning and initiation of the improvement actions in this area. Here, teaming up and mixing the resources with the other Market Analysis team and the key customers could offer accelerated learning and faster implementation.
- 4) The interaction service experience element was identified as the central enabler for the service improvement. OPMA should investigate how to engage the analysts to learn more about the communication and advice giving. The learning for both the emotional effect of advices in trust building and real-life practices for active listening and efficient dialogue would be beneficial to consider.

- 5) In this study, the work was scoped to cover only one customer segment, CS1. It would be beneficial to expand the analysis to the rest of the other customer segments, CS2 and CS3, to review and create a similar improved offering and recommendations study. Most likely, it would also provide additional feedback to further service alignment with segment CS1 and between other segments.
- 6) The study narrowed the scope of the customer value proposition to considering only the improved service offering. In order to implement the whole CVP in practice, also the evaluation and possible re-configuration task of the key resources and key activities should be conducted. Especially IT as the one identified key partner would be beneficial to consider for such alignment with the improved service offering.

### 7.3 Evaluation

This sub-section concentrates on discussing the evaluation of the objectives of the study against the final outcome and addresses reliability and validity aspects of the study.

#### 7.3.1 Objectives and Outcome

The objective of the thesis was to build a proposal for improved customer value proposition for OPMA. This objective was addressed through two main outcomes; the improved service offering and the recommendations for service experience improvement. This study concentrated first on investigating best practice for building the CVP. Multiple general approaches for building blocks of CVP were discussed on theoretical level, and the conceptual framework was established to summarize the main ideas from several scholars in the field. The framework was utilized in the current state analysis as well as for the building of the improved customer value proposition for OPMA. The CVP creation process was enabled by the suggested conceptual framework. Therefore, it can be considered that the objective was achieved.

The building blocks of the suggested conceptual framework included such elements of CVP as strategy and environment, customer segment, customer needs and value experience and, customer offering, key resources and key activities. The target was to include

also the key activities and key resources as building blocks of improved CVP for OPMA. However, this initial plan did not succeed due to the time limitation for the study. However, the data collection and the current state analysis were completed for the key resources and key activities building block. Therefore, this work can be continued even after this study is over.

Already the current state analysis was providing a great amount of information on the current performance of OPMA services. As the analysis was conducted to broader scope of customers than just customer segment CS1, the recorded data can be utilized for the analysis of other segments, which can be seen as an additional achievement of the study. Especially it could enable further investigation and analysis of the service performance inside OPMA but also within the Market Analysis department.

The improved service offering provided more consistent view of OPMA service offering, prioritized customer needs and indicated where the OPMA efforts should be focused on in the future. Additionally, the recommendations pointed to which should be the most relevant in the service experience elements and, especially how to find the most convenient way and specific customer interaction approaches. On the other hand, the recommendations for improvements were on a rather abstract level which not allow to start the necessary actions immediately. It will require further work from OPMA to detail the actual plan for implementation. This part might have had possibilities to detail even further during the study.

To conclude, both outcomes which were set as targets for the study, namely the improved service offering and recommendations for service experience improvement, were produced, so therefore the objective can be considered to be met. As the next step, as mentioned earlier, OPMA needs to concentrate on implementing the improved CVP into practice. This may create new challenges for OPMA, as the analysts, who as the main providers of services, need to consider several factors to improve their work. The success of that effort will most likely require a few key persons in OPMA to start to investigate recommendations further, learn more about them in practice and try them out with the new courage.

### 7.3.2 Reliability and Validity

According to Section 2.3, the validity and reliability of the thesis was assured by taking a number of different steps. For improving validity, each data collection, analysis of data and conclusions drawn were described in detail. Additionally, all the interviews were taken as field notes and also tape-recorded with the help of voice recording. The field notes were then sent to each of the interviewees for validation and feedback. The notes and related questionnaires were made available in the appendices of this study. The customers, analyst and management were involved several times during the study, to collect their suggestions and check for their interpretations and conclusions. Further on, the conclusions were based on multiple sources of data from which the views were collected. Finally, to confirm validity, direct quotes were used to detail the data reported on the occasions when possible.

The reliability of the study was ensured by using different sources of data and approaches such as interviews and discussions to collection evidence and observations of analysts' in-action to confirm their existence. Additionally, due to the nature of business, where analyst's last recommendation is the measure and track record of his success, special attention was required to the comments from the customers. These comments were reflected against the market situations and weighted carefully if there potentially were unnecessary bias involved. Additionally, instead of taking them for granted, these comments were cross-checked with other customers as part of the interview topics. Bias was avoided whenever possible by utilizing the multiple views of the interviewees and as well as comparing the results to external benchmark material.

A considerably small number of interviews and feedback, in some cases only one respondent, from different customer sub-segments may imply a challenge in terms of validity. Altogether as many as 31 interviews were conducted resulting as written field notes and around 30 hours of tape recordings. On the other hand, the researcher employed his own background and experience in the company gained over for the several years, which may limit the impact of the data collection validity challenges. As the market conditions and the advancements happening in the business most likely would be different when someone would like to repeat this study, the results may also vary. This risk was tried to be mitigated by thorough description of the building process and rigid reporting of references to endure the traceability and validity.

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## APPENDIX 1: Customer questions in interviews

	Topic(s) of the interview	QUESTIONS	FIELD NOTES
1	<b>Starting point: describe experiences in view of the topic problem</b>	What is your background, responsibilities and connection to Analysis department?	
2	<b>Identify Business Needs, Key Business Problem(s) of Customer</b>	What is the key business problem trying to solve? What business needs for analysis? What are the usage Situations / application of analysis?	
3	<b>Key Concerns</b>	Problems in Analysis delivery (weaknesses, bad experiences, least valuable)	
	<b>Key Strengths</b>	Strengths in Analysis delivery (Good experiences, Most valuable)	
4	<b>Best practice</b>	See if there is best practice easily available.  <i><b>What best practice do you think the company should follow as for (the mentioned key concern)?</b></i>	-
5	<b>Collaboration, Interaction</b>	What key strengths? What key weaknesses?	

The actual data content has been removed. The material has been available for instructors to review.

## APPENDIX 2: Supplier Questions in Interview

	Topic(s) of the interview	QUESTIONS	FIELD NOTES
1	<b>Starting point: describe experiences in view of the topic problem</b>	What is your background, responsibilities and who is your customer? How do you define customer and their business problem to be solved by the help of analysis?	
2	<b>Customer voice by Analysts</b>	What <b>good</b> about analysis have you <b>heard</b> from customers when delivering analysis services? What <b>problems heard</b> or witnessed from customer while delivering services? What services customers using? <b>What are the most valuable and the least valuable services? Why?</b>  Have you noticed <b>unmet</b> customer needs? What kind of? Why relevant? What is <b>customer capable</b> /not capable of doing? What <b>business problems trying to solve</b> ? How? Good/Bad?	
3	<b>Internal processes: Identify Key resources and Key activities Key Business Problem(s) of Customer</b>	What are the <b>Key Resources</b> like people, technology, facilities, equipment, channels etc to produce services? Why? <b>How those negatively impact customer experience/value creation?</b>  What are <b>Key Activities</b> like processes, rules&metrics, people processes, Norms to produce services? Why?  <b>How those negatively impact customer experience/value creation?</b>	
4	<b>Internal processes: Key Strengths</b>	<b>Strengths</b> in Analysis services and delivery (Most valuable)	
5	<b>Best practice</b>	<b><i>WHAT is good analysis?</i></b>	
6	<b>Collaboration, Interaction</b>	What key strengths? What key weaknesses?  How using external partners? How working?	

The actual data content has been removed. The material has been available for instructors to review.

### APPENDIX 3: Management Questions in Interview

Background	<b>Who are the customers on analysis department?</b>	
Background	<b>What key customer problem analysis department is trying to help to solve or support? HOW?</b>	
Strategy and Scope	<b>What is the scope of services? What analysis is not doing? How customers are prioritized?</b>	
Key resources	<b>What are the key resources to create and deliver services? What strengths and weaknesses there are?</b>	
Key activities	<b>What are the key activities to create and deliver services? What are the Strengths (+) and Weaknesses (-)?</b>	
Services offering	<b>What are the most and least valuable services to customers?</b>	

The actual data content has been removed. The material has been available for instructors to review.

## APPENDIX 4: Strengths and Weaknesses by Service Offering (Full Map)

Services category	Offering	Weaknesses - # Remarks	Strengths - # Remarks	Segment-Weakness - ID's	Segment-Strength - ID's
Direct Consultancy		6	5	CS1-E W1, CS1-E W2, CS1-E W3, CS1-D W4, CS1-A W2, CS1-D W5	CS1-A S4, CS1-A S2, CS1-C S1, CS1-D S3, CS1-B S2
		1	1		CS1-E S2
		5	3	CS1-A W2, CS1-A W3, CS1-B W4, CS1-B2 W2, CS1-B W9	CS1-A S5, CS1-B S4, CS1-A S1
Scheduled analyses		1		CS1-E W5, CS1-D W1	
		3		CS1-A W4, CS1-B W1, CS1-C W1	
		2		CS1-C W2, CS1-C W1	
Forecasts		2		CS1-A W1, CS1-B W2	
		12		CS1-B W6, CS1-C W1, CS1-C W2, CS1-C W3, CS1-C W4, CS1-E W5, CS1-B W7, CS1-E W6, CS1-E W9, CS1-D W6, CS1-D W3, CS1-D W1	
		1	1	CS1-C W5	CS1-E S4
		3	1	CS1-A W3, CS1-B W7, CS1-B W8	CS1-B S4
			1		CS1-E S3
		4		CS1-A W6, CS1-A W7, CS1-A W8, CS1-A W5	
		2	1	CS1-E W4, CS1-D W2	CS1-E S4
Analyses		3	6	CS1-B W3, CS1-E W1, CS1-E W8	CS1-A S2, CS1-B S1, CS1-E S2, CS1-E S6, CS1-E S5, CS1-D S1
			1		CS1-E S4
Market Outlooks		2		CS1-D W1, CS1-E W5	
		1		CS1-E W7	
Information Services					

## APPENDIX 5: Strengths in service and value experience by service experience category (Detailed mapping)

Service Experience Element	Quality Elements	Comment	Customer group
Interaction	Business understanding	S2	CS1-D
		S3	CS1-A
		S3	CS1-B
		S5	CS1-E
		S3	CS1-D
	Communication activity	S1	CS1-B
		S2	CS1-B
		S2	CS1-A
		S2	CS1-E
		S4	CS1-A
	Rationality and objectivity	S1	CS1-B
		S1	CS1-A
		S1	CS1-E
Product offering	Characteristics	S3	CS1-E
		S4	CS1-B
		S6	CS1-E
		S5	CS1-A
		S2	CS1-B
		S4	CS1-E
Service Leadership	Leadership	S1	CS1-D
		S5	CS1-B

## APPENDIX 6: Weaknesses in service and value experience by service experience category (Detailed mapping)

Service Experience Element	Quality Elements	Comment	Customer group
Interaction	Business understanding	W2	CS1-A
		W5	
		mai	CS1-B
		W6	CS1-D
		W9	
		sysi	CS1-B
		W4	CS1-B
	Communication activity	W3	CS1-B
		W3	CS1-E
	Recommendation clarity	W1	
		deç	CS1-E
		W1	
		del	CS1-D
		W1	CS1-A
		W1	CS1-B
		W2	
		cur	CS1-B
		W4	CS1-B
		W3	CS1-A
Product offering	Characteristics	W2	
		ove	CS1-B
		W1	
		(qu	CS1-B
		W3	CS1-D
		W3	CS1-B
		W4	CS1-E
		W4	CS1-D
		W5	CS1-E
		W5	CS1-D
		W6	CS1-B
		W7	CS1-B
		W5	CS1-A
		W6	CS1-A
		W7	
		sen	CS1-A
		W9	CS1-A
Service Leadership	Leadership	W9	CS1-E
		W1	
		of a	CS1-B
		W2	CS1-E
		W5	CS1-B
		W6	CS1-E
		W7	CS1-E
		W8	CS1-E
		W4	CS1-A
		W2	CS1-D

**APPENDIX 7: Theme session – Management 1**

<b>Details</b>		
<b>Name (ID) of the informant</b>		9
<b>Position(s) in the case company</b>		Management
<b>Date of the session</b>		18.3.2014
	<b>Theme(s) of session</b>	
<b>T1</b>	<b>Which are the key service categories offering?</b>	
<b>T2</b>	<b>What kind of offering bundles would be expected to serve customer needs?</b>	
<b>T3</b>	<b>Should the updates to service categories and offering bundles reflect to customer segments?</b>	
<b>T4</b>	<b>Which are the focus groups and optional groups of the services?</b>	
<b>T5</b>	<b>Other comments to offering</b>	

The actual data content has been removed. The material has been available for instructors to review.

## APPENDIX 8: Theme session – Customer 1, 2, 3

<b>Details</b>		
<b>Name (ID) of the informant</b>		20, 21, 25, 31, 38, 23, 30
<b>Position(s) in the case company</b>		Portfolio managers, traders
<b>Date of the session</b>		26.3.2014, 1.4.2014
	<b>Theme(s) of session</b>	
<b>T1</b>	<b>Comments to Strengths and Weaknesses</b>	
<b>T2</b>	<b>Service offering importance: most/least valued services</b>	
<b>T3</b>	<b>Service offering importance: Focus groups, optional groups</b>	
<b>T4</b>	<b>Ideation to service improvements</b>	
<b>T5</b>	<b>Service experience improvements based on highlighted offering strengths and weaknesses</b>	

The actual data content has been removed. The material has been available for instructors to review.



## APPENDIX 9: Theme session – Management 2

<b>Details</b>		
<b>Name (ID) of the informant</b>		8, 9
<b>Position(s) in the case company</b>		Management
<b>Date of the session</b>		9.4.2014
	<b>Theme(s) of session</b>	
<b>T1</b>	<b>Comments and confirmation of service offering based on customer feedback to importance's</b>	
<b>T2</b>	<b>Allocation of new customer needs to service offering</b>	
<b>T3</b>	<b>Integration of generic findings from CSA to service offering</b>	

The actual data content has been removed. The material has been available for instructors to review.

## APPENDIX 10: Theme session – Analysts 1

<b>Details</b>		
<b>Name (ID) of the informant</b>		1, 2, 3, 4, 5, 6, 10
<b>Position(s) in the case company</b>		Supplier, analysts
<b>Date of the session</b>		10.4.2014
	<b>Theme(s) of session</b>	
<b>T1</b>	<b>Introduction and comments to new service offering</b>	
<b>T2</b>	<b>Current service experience and challenges, comments for improvement</b>	
<b>T3</b>	<b>Ideation of implementation of improved service offering</b>	

The actual data content has been removed. The material has been available for instructors to review.